

Third Prize Essay Winner

An Ethics Based on Property Rights

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SUMMARY

In the course of production, men develop certain relationships with one another, which form the basis for social ethics. Through the use and distribution of resources, activities of production lead to the foundation of property rights. Property rights and their related arrangements necessarily affect the development of ethics and morality. The moral problems encountered during China's economic reform are related to the redefinition of rights, responsibilities and obligations, and to the redelineation of the boundaries among them. Many of the moral problems are, in substance, the problems of the infringement of rights. This is not only due to subjective factors, but also to unsound arrangements of property rights. Moral education must tie in with these practical problems.

The development of socialist market economy, while satisfying to people's material needs, has brought increasing dissatisfaction in the area of people's social morality. Many conclude that this phenomenon is the negative effect of a market economy. Many more, though, conclude that one "cannot have both fish and the bear paw." Generally speaking, social ethics is the standard of behavior governing relationships between people in that society. All social relationships are based upon men's conduct of production, which, through the possession and use of resources, sustains men's survival. Therefore, the analysis of property rights forms the foundation of the studies of the evolution of social ethics.

I. The Core of the Market Economy Reform is the Reform of the System of Property Rights

Only through clarification of property rights can we establish a market economy based on the exchange of goods. During the transitional period from a planned economy to a market economy, corruption has spread, and, in some aspects, social morality has deteriorated. An increasing number of people miss the "good, old days" in the early stages of the planned economy. In those days, though people were poor, they were filled with a moral spirit of unity and mutual assistance. This phenomenon is similar to people's fond reminiscence of the morality in ancient times. But, the relationships of simplicity, friendship and mutual assistance, which have been long lost to the modern man, exist only in some isolated corners of the world where living conditions remain most primitive. Rather than attributing this type of ancient human relationship to the innate "goodness" of people, we would be better off interpreting it as a particular form of morality caused by circumstances. Under adverse living conditions and with primitive tools of production, people had to rely on their collective power to combat the power of nature in order to survive. This phenomenon also occurs in modern times during wars, natural disasters, and other situations that threaten people's survival. Under these conditions, to emphasize private property rights and to infringe upon other's rights would make no sense, because only through dependence on the collective power and on other people could one survive. Circumstances compel people to accept the reality of public ownership, or ambiguous property rights, and a corresponding ethical system. Some great thinkers believe that war is a cleanser of social morality. Without a doubt, people's moral sense and conduct are, in the final analysis, determined by their social environment.

The essence of the ethics of any age is the sacrifice and compromise of an individual's interests. Therefore, the definitions of the ownership of interests and property rights are the fundamental yardstick of all ethics. As an example, the fostering of other people's children, would have different meanings in a primitive tribal society than in a modern society: in the former it is a responsibility, because society is a big family; in the latter, it is a virtuous act, because society is based on a concept of individual families. Where properties are collectively owned, protection of public property is an obligation; where properties are privately owned, protection of another's property is a virtuous act.

When the system of property rights is undergoing change, yet people still use the idea of obligations under the old system to judge what should be moral conduct in the new system, they would logically come to the misguided and inappropriate conclusion that: "People's hearts are not like those of antiquity; the moral force of the world is fast disappearing." However, even under the premise of well-defined property rights, not all conduct sacrificing one's self interest would be considered moral.

For example, the action of members of a crime gang, sacrificing individual interests to cover the conduct of fellow gang members, might be considered moral conduct within the gang, but would still be considered criminal activities by society. Similarly, what could be considered moral conduct in certain small groups, or by a race of people, might not necessarily be a true moral conduct. Only sacrifices or compromises of individual interests for the development of the entire human race could be deemed true moral conduct. To put it more concretely, the laws of a country and its ethical system are the two pillars, ruling and guiding social behavior. But, due to the limited perspective of a nation and a race, the laws and the ethical system of a country can nevertheless violate the social ethics of the human race.

For example, various Japanese prime ministers repeatedly visited Shinto shrines to remember the World War II dead, implying the revival of Japanese militarism. Granted some of the historical figures so remembered might have made contributions to the Japanese people during the War to expand its territory. Yet, such conduct by the Japanese prime ministers, judged from the perspective of the international community, was damaging to Japan's relationships with the people of the other Asian countries, and contrary to the needs of world peace. Therefore, their conduct was immoral. We can often trace the primary cause of this kind of moral conflict to the struggle for resources and definition of property rights.

From the macro perspective, when the scope of public ownership of property in a society is broader, there will be more objectivity and regularity in its system of social ethics. Only when people all over the world abolished the boundaries of nations and races, collectively and rationally developed and used resources that belonged to all mankind, and established production relationships on this basis, as well as a corresponding ethics system and a moral code, could we formulate a morality of universal application.

But, this does not solve the entire problem. From the micro perspective of social ethics, the objectivity and regularity of social ethics expresses itself in productivity. That is, the moral code formed on the basis of property rights must be instrumental to the development of productivity. Theoretically, under the socialistic system of public ownership of property, work has changed from working for others to working for oneself. Work has changed from a tool to enslave people to a tool to liberate people, a tool to develop oneself intellectually and physically. All these changes would redefine the property relationship between workers and capital, and link the workers directly with the conditions of work. However, under the system of public ownership, the state managed enterprises

on behalf of all people. In the process of linking workers with the resources for production, the state became the "middleman." The result was that workers work directly for the state, and indirectly for themselves. This, then, led to the phenomena of infringement upon others' rights and collective rights, which was inconsistent with the work ethics of socialism, such as "hitching a free ride" and "eating out of the big pot." These phenomena not only directly interfered with production efficiency, but negatively impacted the entire structure of social ethics. In other words, under the arrangement of this public ownership system, we have the positive, moral side of unity and mutual help, but also the negative side of infringing upon others' rights, and not fulfilling one's duties and obligations. If we do not rearrange the relationship of property rights, but merely attempt to promote the positive aspects of the traditional public ownership system through moral education in our effort to overcome and eradicate the negative aspects, for all practical purposes, we will not succeed. There was a time when the slogans of "one for all, and all for one," and "in pursuit of the public good, sacrifice my own interest," were promoted widely in China. But, because of the absence of the foundation of corresponding relationships of production, these slogans were not widely accepted by the people and remained merely as paradigms of heroes.

The process of productivity development usually starts with pioneering entities using advanced techniques of production and making breakthroughs, and then evolves into broad acceptance and adoption. Therefore, it is necessary to break through the moral constraint of maintaining system-wide averages and balanced development, to liberate ourselves from the established moral stricture of mutual dependence under the traditional public ownership of property, and to turn to a spirit of creativity and risk-taking. Reform of property rights emphasizes autonomous management and an individual's responsibility for profit and loss by the producers. Although reform has reduced workers' concern for state property and the spirit of collectivism and altruistic sacrifices, it has definitely raised their productivity and creativity. This phenomenon also shows how the simplistic morals of the ancient times have evolved into the morality of today. While continuing property rights reform, our task is, then, to further promote the virtuous, ethical aspects of the traditional public ownership system.

II. Structural Reform of Property Rights Has Created Numerous Types of Property Ownership and Various Opportunities for the Property Owners

Simultaneously, it has also created many temptations that did not exist under the planned economy. And, because the relationships in property rights have not yet been totally redefined, this has created opportunities for many individuals to satisfy their personal greed, capitalizing on connections and the exercise of official power. When property rights are undergoing changes, the temporary unfair treatment of some people has been used as an excuse for the moral corruption of others. On the one hand, property rights reform has lowered the cost of resource deployment and increased the efficiency of resource utilization; on the other hand, the immoral conduct of infringing upon others' rights has increased the cost of reform. A system that over-emphasizes personal interests violates the spirit of collectivism, and promotes the spread of individualism and egoism.

First, the introduction of the "contract responsibility" system to reform property rights in the rural area was to realize autonomous management of production by individual workers under the condition of public ownership of land. By enhancing workers' incentives, it has led to the phenomenal growth of China's agricultural economy. But this method of production has also led to the disintegration of the rural collective economy, and has contributed to the resurgence of selfishness, short-sightedness, disharmony, and other reactionary attitudes, that are inherent to small-farm economies. As a result, gambling, superstition, and other illegal activities grew quickly and spread widely. Organizations, which in the past represented and upheld social justice, such as the Communist Party, Communist Youth Group, the militia, Women's League, etc., have lost their economic basis for existence, because farmers started to do their own things or left their villages to work elsewhere. The vacuum has led to the growth and spread of some of the evil forces in the rural areas.

Gangs, similar to underworld forces, openly engage in smuggling, drug trafficking, kidnapping and the sale of women and children, and the sale of weapons. Some of these gangster activities involve the cadres of villages and counties. Although few in number, they are very powerful. Not only do they terrorize the local villages, some migrate to other regions and engage in highway robbery, theft and other illegal activities. They have seriously destroyed law and order in the rural areas and rattled the very foundation of social morality. The reason for this phenomenon is that the new production arrangement, based on decentralized property rights, has eroded the power of cohesion necessary for the farmers to fight against evil forces.

Secondly, since enterprise reform began with the reduction of centralized government control, most of the reform measures have been in the area of increasing the powers of the enterprise managers, and reform measures related to labor have focused on the commercialization and marketization of the labor force. To some extent, these reform measures imitate the system of capitalistic property rights. They strengthen the legal-entity status of the representatives of publicly owned capital, and at the same time weaken the master-of-the-state status of workers. Meeting the same fate as the above-mentioned rural organizations that represented and upheld social ethics in a rural economy, various supervisory and "watchdog" organizations which represented the workers in enterprises, have also been crippled and paralyzed. This has led to frequent violations of the rights of the workers and the interests of the state by the managers.

Not only do the violations occur in relatively well-managed enterprises, they also happen in enterprises that are losing money and cannot even pay salaries to their workers. Some enterprise leaders use public funds to buy luxurious cars, live in expensive apartments, travel, eat, drink, and play, not only squandering state and collective property, but also destroying social ethics. In the past, workers depended on various organizations to solve their problems. Now, they must be on their own to find the right connections and the right "back door" to the enterprise managers. Invitation to parties and gifts have replaced the traditional, normal work procedures since the workers are no longer the real masters of the enterprises. They are merely the owners of a commercial product, namely, their own labor. Once the commercialization of the labor force is established, the workers can no longer claim and protect the state's, the society's and the collective interest as their own. If and when the "it-is-not-my-job, so-I-don't-give-a-darn" attitude prevails, immoral conduct, which violates the interests of the state, society and other people, will no longer be criticized and curtailed by means of public opinion.

Thirdly, in order to increase local governments' incentive to increase production, there has been reform in the relationship between the central and the local governments, between the supervisory and subordinate levels of the government, and the definition of property rights at different levels of the government. The objective of this reform is to increase the local and lower-level governments' incentive to achieve higher productivity through market competition. However, on state-owned properties, no clear-cut definitions and boundaries have been drawn between the central government and the local governments, and between the supervisory and its subordinate governments. But on distribution of profits, there has been clear demarcation in principle. Therefore, goaded by self interest, local governments fight for capital allocation, loans and other resources from the central government. This blind push for expansion of production facilities regardless of efficiency has led to conflicts between rigid demand and limited supply of social resources, worsening the production structure and seriously damaging public interest.

Local governments would resort to all kinds of means, including falsification of documents and reports, using "guan-xi" and bribery, to increase the profits for their own districts or their own work units. Even if these deeds are not done to benefit any particular individual and even if the perpetrators sometimes sacrifice their own interests, they are nonetheless immoral acts. Regrettably, under diversification of property rights, these immoral deeds are sometimes conducted openly, made legitimate, and even praised, encouraged and rewarded as achievements, resulting in the corruption of local government officials at various levels. The taciturn acceptance of these deeds by a small group of individuals lends legitimacy to similar behavior by more powerful officials. Thus, some of them use the power vested in them and, under the pretense of increasing the profits of a small collective body, engage in bartering power for money

and pocketing the gains themselves. The absence of effective supervision further encourages corruption.

Attracted by profit motives, the practices of manufacturing faked products and infringing upon other people's intellectual property rights sometimes receive open or covert support from the local governments. Bans issued by the judicial branches of the government and commerce regulatory agencies have not stopped these practices; in fact, the more bans, the more such practices proliferated, disrupting the order of the market place and at the same time corrupting social ethics. Under these circumstances, anti-corruption edicts issued by the central government to the local governments, by the supervisory unit to the subordinate unit, rarely had lasting effects. For instance, edicts banning the use of imported automobiles, occupancy of excessive housing, pleasure travels at government expense, unnecessary and wasteful entertainment, were only effective for short durations. Undisciplined behavior by government officials sets a powerful example and breeds the proliferation of immoral conduct in society. The masses conclude universally that social ethic is ruined, and that there is no social justice anymore. To a certain extent, this conclusion dissipates their political enthusiasm and their positive attitude toward work.

The adjustments in the structure of property rights have caused divergent goals for owners of individual property rights and public property rights. In the transitional period when the relationships between the two types of owners have not been defined, a duality in the evaluation criteria of social ethics and conduct has appeared. This duality has created moral confusion under the new system.

First, there is the conflict between the concept of having one segment of the population get rich first and the concept of everybody getting rich at the same time. This creates conflict between self interest and others' interests. In the past, we talked about "let the main stream have water so that the tributaries will be full," "put the collective entity first, then the individual." Now, we encourage "let the capable get rich first." Should we benefit ourselves first or the others? There is no moral unanimity on this.

Secondly, the system containing both the "one boss" and the "sellers of labor" in enterprises translates into a conflict between the realization of individual values and the collective value of all the workers. In the past, the relationship of a manager to a worker was between comrades, since they were both the masters of the enterprise. Now, one is a manager, an agent of the state-owned assets, while the other is the seller of labor. The division of labor has also created divergent methods for each person to realize his individual values, and, thereon, develop different moral standards.

Thirdly, there is the conflict between the idea of some areas becoming rich first and the other idea of a balanced and simultaneous development. This creates a conflict between regional moral standards and the moral standards for the entire society. Many officials, caught between the dilemma of having to comply with the moral standards on the one hand, and having to solve the economic problems of the masses on the other, often have difficulty choosing between the two evils: failing one's responsibility to the masses or infringing upon state interests.

This duality of moral standards emanates from a lack of clarity in defining property rights during reform. In the transitional period, moral conflicts arose. On the one hand, some "advanced" individuals have become corrupted and been condemned. On the other hand, the moral character of some people has been elevated. These two situations are, after all, extremes. In our moral education, if we merely warn against the former and set the latter as role models, we will not be able to assure a healthy development of social ethics. The fundamentals for raising the moral standards of the entire society is to integrate the establishment of an ethical system into the reform of the system of property rights.

III. Morality is Manifested in Rational Thinking and Rational Behavior

As such, it has detrimental effects on the development of productivity, but beneficial effects on social development. Morality is not an abstract concept; it is intimately connected with the functions of every unit and every individual in various positions of the social structure. Division of labor, based on resource distribution and the resultant definition of property rights, gives the ethics of property rights its special contents.

First, based on property rights, each individual and each organization have certain responsibilities, obligations, and corresponding rights, in their economic relationships with others. These responsibilities, obligations and rights are defined differently, in different production modes. The definitions can also change at different stages of the same production mode. Based on this concept, the moral standard of property rights regards infringement on other people's property rights and non-fulfillment of one's responsibilities and obligations as immoral acts. But fulfilling one's responsibilities and obligations as assigned by the division of labor and receiving corresponding rights, is considered a moral act. If, motivated by a desire to benefit society, should one's actions involve sacrificing or giving up one's own rights or assuming obligations and responsibilities beyond that required by one's property rights, then these actions are considered to be moral acts.

Secondly, the ethics of property rights must be beneficial to the development of productivity. Any unfairness in a particular arrangement of property-rights, lack of work incentive, idling and waste of resources arising from ambiguities in the definition of property rights, or any other concepts and behavior impeding productivity, is deemed immoral. Also included in the category of immoral behavior are actions that endanger the environment, harm public welfare, or endanger posterity through excessive consumption of resources. On the contrary, an arrangement of property-rights, based on a specific mode of production that stimulates productivity growth, is considered moral. Such arrangements, which have often been opposed by traditional ideas, are, in fact, the beginning of new systems. As examples, the system of "assumption of production responsibility" that appeared in rural areas before reform, workers' cooperative economy in a capitalistic system, unions that protect the interests of the workers, civic organizations that promote and uphold world peace, "green peace" organizations that protect the environment, and other new concepts and actions that benefit the progress of mankind's social civilization and evolve around property rights are all moral.

Thirdly, the main goal of the ethics of property rights is the total liberation of all mankind. Acts that enable some to enjoy better living conditions and better educational opportunities than others through possession of resources or division of labor from exploitation, slavery, and the suffering of others are all immoral acts. Conversely, acts of shared use of resources and teamwork to create an egalitarian environment under which everyone can develop physically, intellectually, and fully are moral acts.

Recommendations

The moral concept discussed here does not ignore the interests of an individual, but rather the kind of self interest realized indirectly through the interest of others. In reality, we do sometimes observe noble acts of altruism, but, people with such noble character are not created out of vacuums. They are usually nurtured, loved, helped and cultivated by moral acts of the family and society. We cannot imagine a heroic individual, who has been treated unjustly in his developmental process, being able to retain his noble character. Conversely, we could always find other moral and noble souls who quietly make contributions, and remain anonymous throughout their lives. A moral character is always cultivated by society at large, whereas behind immorality is often social injustice that has long remained uncorrected. Therefore, social relationships and social structures have very important impacts on the cultivation of social ethics.

The public ownership of property rights in an economic system contributes to the realization of the principle of justice, while their diversification contributes to the rise of efficiency. Justice and efficiency are both important elements in the ethics of property rights; neither can be ignored. To unite both elements organically, and to unite the traditional morality with the morality of the new system, we must strengthen organizations, and through organizations promote the education and cultivation of moral conduct.

1. In conjunction with the reform of the economic system, we must undergo conceptual changes in moral education and the development of morality. Realizing that reform requires incentives and breakthroughs, we need to give new meaning to morality in the transitional period. Under the premise of the diversification of property rights, we should assume responsibilities beyond the obligations of property rights. We should not fear failures but should have the courage to explore, the dedication to reform, and the traditional spirit of sacrifice as exemplified in the spirit of Lei Feng. These are all moral behaviors that should be promoted and endorsed vigorously by society.

2. A new social morality will take shape through the rearrangement of property rights, the creation of socialized labor organizations, further establishment of teamwork among labor organizations, and the confrontation of the moral concepts of micro-systems. Currently, the rural economy is in the process of changing from an individual-centered economy to an enterprise management system, thus establishing a foundation for the revival and growth of a collective morality. In urban and township enterprises, the stock ownership of the workers has promoted the collective use of productive resources and close integration of workers' responsibilities, obligations and rights. It has also created the right environment for developing the new morality. The traditional spirit "to serve the people" and "willingly to be a small cog" should be combined with the new spirit of leading everyone "to leave poverty and move into a life of richness," and "get rich together," and become the content of new morality in the new era.

3. We must develop the pioneering spirit of the Party organization, ask Party leaders to serve as role models, and strengthen the supervisory mechanisms of labor, youth, and women's organizations. According to the charter and the goals of the Communist Party, every Party member should become a model of social morality, because he or she, when joining the Party, took the oath to sacrifice individual interests in the pursuit of the noble goal of liberating all mankind. Under the system of the market economy, because of diversification of property rights, the normal activities of the Party have been compromised, and the pursuits of wealth by individual Party members have diluted the spirit of collectivism and the spirit of sacrifice. Therefore, based on the new conditions of diversification of property rights and the refocusing of the Party's core activities on economic reform, we need to redefine the educational contents of the character, the spirit, and the discipline of the Party. We need to demand that all Party members, especially the cadres in leadership positions, stop infringing upon the collective and state interests and consider the whole picture in all their activities, so that they can truly become the servants of the people and the models of society. We need to punish the corrupt elements among the Party members and the cadres more severely than the masses so that an exemplary model can be established.

4. Mobilize the entire society to vigorously promote and endorse the new morality under the market economy. First, in our propaganda and media, we should promote the new morality based on property-rights relationships and condemn immoral acts that infringe upon others' rights. Second, we should increase the importance of morality in the realization of personal values. In appointing cadres at the level of leadership and top managers of enterprises, we should pick those with both moral character and ability. Thus, we could eliminate the situation where the recipient of the "May One Labor Day Hero Award" on one day goes to jail the next day. Third, we should establish funds to form organizations dedicated to the promotion of moral activities and to reward and recognize those who have made special contributions to social morals. Fourth, welfare and educational organizations should be built to teach people how to reduce social injustice. Utilizing social forces, we should try to give every member of society more loving and caring, nurture his or her sense of morality, and thus improve the moral character of all the people.

The diversification and rearrangement of property rights under market economy demands that the educational content of social ethics move from the abstract to the concrete; that moral education be tied to concrete acts; that the function of teaching by individual examples be integrated into the behavior pattern of the masses; and that moral conduct become part of material civilization. It is only through the continuous improvement and development of moral education can we hope to keep the tree of social ethics forever green.