Theory of property rights: comparing Marx with Coase

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Marx used a completely new proletarian world outlook to construct the main body of the theoretical edifice of property rights. Property rights are the legal form of ownership. As a relationship of legal rights of the property form, property rights are not only a relationship between two wills which reflects economic relationships but also a product of history, belonging to the category of history and assuming the form of history. Marx made a special effort to study capitalist property relations, that is, on the basis of revealing the opposition between capital and wage labor in the economic field, he sought to describe the value-added process as ownership relations and a process of appropriation in terms of the law and the theory of property rights, involving the integration and separation of various powers such as ownership, right of possession, right of use, right of disposal, right of operation, right of demand and right of inheritance. In this way he proved the class opposition in capitalist property relations and the system of property rights. The changing direction from “passive sublation” to “active sublation” revealed by Marx clearly shows the historical inevitability and long-term developmental trend of the substitution of public economic and judicial relations for the capitalist relations of production and system of property rights.

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It has been fashionable to say in the last ten years in China that Coase has a theory of property...
rights but Marx does not. Some even maintain that one cannot even find the term “property rights” in Marx’s works.

This assertion has absolutely no foundation.

Marx systematically studied property relations in the legal field corresponding to the relations of production in the economic field and the legal rights relating to property. *Capital* by Marx is a scientific magnum opus that provides detailed analyses of the capitalist mode of production and the corresponding relations of production and also analyzes capitalist property relations in an all-round way as a legal expression of the capitalist relations of production. As a matter of fact, Marx’s volumes of expositions on property relations and property rights constructed the main body of the theoretical edifice of property rights.

Coase’s theory of property rights cannot be mentioned in the same breath as Marx’s. Granted, Coase discussed property rights, but he did not go into detail. He advocates clearly established ownership, but both the concept and the thesis of his theory of property rights are unclear, and have thus been subject to question in academic circles.

In contrast to some economists at home who deny that Marx had a theory of property rights, foreign economists who respect historical facts acknowledge that Marx did have such a theory, and moreover was the first social scientist to do so. For example, in his paper “Karl Marx, Property Rights School and the Process of Social Change,” S. Pejovich, a professor at A&M University in Texas who studied property rights theory, wrote, in making a comparison of Marx’s theory of property rights and that of the Western property rights school, “Marx was the first social scientist to have a theory of property rights.”

Marx’s theoretical system of property rights consists of a series of important propositions as follows:

1. The juridical relation that includes the property rights relation is a relation between two wills which mirrors the economic relation.

Making use of the principles of dialectical and historical materialism, Marx studied the relations between the socio-economic base and the superstructure and revealed the root causes of legal relations. He pointed out, “legal relations as well as forms of state are to be grasped neither from themselves nor from the so-called general development of the human mind, but rather have their roots in the material conditions of life…” Marx made concrete analyses of the juridical relations of the commodity market and the labor market. He pointed out that in both, the transactions between the buyer and the seller were conducted with the identity of wills on both sides. Marx revealed in a profound way the relationship among the juridical relation, the relation between the two wills and the economic relation: “This juridical relation, whose form is the contract, whether as part of developed legal system or not, is a relation between two wills which mirrors the economic relation. The content of this juridical relation (or relation of two wills) is itself determined by the economic relation.”

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1 S. Pejovich, “Karl Marx, property rights school and the process of social change,” p. 240.
2 Karl Marx and Frederick Engels, *Selected works* (in three volumes), p. 503.
3 Karl Marx, *Capital*, vol. 1, p. 178.
of the social sciences Marx discovered the intrinsic connections among the juridical relation which incorporates property rights, the economic relation and the relation between two wills and correctly elaborated the relationships among the three factors, thereby laying a solid theoretical foundation for establishing a scientific theory of property rights. In contrast, Coase has never discussed these relationships and even never raised any questions of a similar nature.

2. Property relations are a legal expression of relations of production.

The science of economy studies the relations of production while the science of law studies property relations. Marx studied not only relations of production or economic relations in political economy or economics and property relations in the science of law and the theory of property rights, but also the relationship between the relations of production in the science of economy science and property relations in the science of law. He discovered that “Property relations…are but a legal expression…for relations of production.” Marx proved that the property relations studied by the science of law are, in essence, the relations of production studied by the science of economy. Coase does not have any ideas on relations of production and has done absolutely no research on the relationship between property relations and the relations of production or economic relations, but sticks only to the topic of property rights. This makes it impossible for him to reveal the essence of property relations and property rights system.

3. Property right is a legal representation of ownership relations.

The science of economy must study ownership and the science of law must study property rights. Ownership falls under the economic category while property rights belong to the legal category. Marx studied both thoroughly. He discovered that property rights in the law are a legal form of ownership, “the legal representation of certain property relations” and that “a given civil law is but the expression of a certain development of property.” Coase studies only property rights in the law but not ownership in economic relations and therefore has no way of knowing that property rights are the legal representation of ownership.

4. Property and property rights have their own history and have assumed different forms.

Applying historical materialism to research on property rights, Marx made a thorough investigation of the origin and historical changes of property rights. In his view, property rights are a product of history and belong to the category of history. Marx and Engels discovered at a very early date that property has its own history and has assumed different forms. Marx studied the three historical states of property before capitalism. The first form consisted of primitive land property. In this form, the community relates as owner to the natural conditions of production, i.e., natural primitive tools, materials and the necessities of life supplied by nature. At this stage there was no state and no law, there were no proprietary rights, but only ownership. “The original form of this property is therefore itself direct common property.” The second historical form of property is marked by the ownership by the working subject of working tools, materials

4 Karl Marx and Frederick Engels, Selected works (in three volumes), p. 503.
5 Karl Marx and Frederick Engels, Collected works, vol. 41, p. 316.
6 Karl Marx and Frederick Engels, Collected works, vol. 6, p. 119.
7 Karl Marx and Frederick Engels, Collected works, vol. 28, p. 428.
and necessities of life. In this form, the elements that constitute property develop from natural elements to productive elements. At this stage appears the ownership of property, private ownership based on one’s own labor. The third historical form is one in which the worker relates as owner only to the necessities of life, without relating to the land and soil, or to the instrument. Marx pointed out that this form “is at bottom the formula of slavery and bondage.”

Having investigated the three historical forms of property before capitalism, Marx devoted special efforts to the study of the capitalist form of property. In this form of property, a worker’s sole property is his labor, and his sole ownership is the ownership of his labor. All other property becomes the capitalists’ property and the workers’ non-property. Marx said, “The formula of capital, where living labour relates to the raw material as well as to the instrument and to the means of subsistence required during labour, as negatives, as not-property.”

Coase professes an interest in history, but on property rights does not take the historical viewpoint at all. He is unaware that property and property rights have their respective historical forms; he always takes the capitalist property rights as the only and the eternal form of property rights.

5. There are two laws in property rights, laws that are different in nature. These are the first and the second laws of property rights.

In the fields of property rights research, Marx attached great importance to studies on the law of property rights behind the phenomena of property rights. He discovered and incisively revealed two laws that were different in nature: the first law of property rights and the second law of property rights.

Historically, property rights had been based, at the outset, on the worker’s own labor. A worker had property rights over the products of his labor: this was the earliest law of property rights, the workers’ property rights law and also the property rights law of commodity production.

Capitalist society looks the same if seen only from the superficial phenomena of circulation. Just as Marx described, “The rights of property seemed to us to be grounded in a man’s own labor…since only commodity-owners with equal rights confronted each other, and the sole means of appropriating the commodities of others was the alienation of a man’s own commodities, commodities which, however, could only be produced by labor.” However, in practice, in a capitalist economy property rights have a completely different nature and significance for capitalists and for workers. Marx pointed out, “Now, however, property turns out to be the right, on the part of the capitalist, to appropriate the unpaid labor of others or its product, and the impossibility, on the part of the worker, of appropriating his own product.”

Marx made painstaking efforts to analyze the “peculiar results” of the dialectical transformation of property rights in capitalist society: “…the right of property undergoes a dialectical inversion [dialekrischer Umschlag], so that on the side of capital it becomes the right

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9 Karl Marx and Frederick Engels, *Collected works*, vol. 28, p. 430.
10 Karl Marx, *Capital*, vol. 1, p. 730.
11 Karl Marx, *Capital*, vol. 1, p. 730.
to an alien product, or the right of property over alien labour, the right to appropriate alien labour without an equivalent, and, on the side of labour capacity, it becomes the duty to relate to one’s own labour or to one’s own product as to alien property.”

After using political economy to analyze and reveal the opposition between capital and wage labor, Marx described relations in the value-added process in the economic field as a process of appropriation in the field of property rights. He thus described the relations between capital and wage labor in the field of property rights as property relations and the laws of property rights.

Marx made in-depth studies revealing the two laws of property rights and their different natures. He strictly distinguished between the first law of property rights and the second. The first law of property rights is that which concerns commodity production: the worker has property rights over the products of his labor. The second law of property rights is that which concerns capitalist production: the law of property rights of the bourgeoisie, that is, the product of a worker’s labor appears to him as alien property, or alien labor appears as the property of capital. Marx pointed out, “…the fact that surplus labour is posited as surplus value of capital means that the worker does not appropriate the product of his own labour; that it appears to him as alien property: inversely, that alien labour appears as the property of capital. This second law of bourgeois property, the inversion of the first…becomes just as established in law as the first. The first is the identity of labour with property; the second, labour as negated property, or property as negation of the alien quality of alien labour.”

Just like the discovery of the law of surplus value in the economic field, the discovery in the field of property rights of the laws of the property rights of workers and of the bourgeoisie is an undying historical achievement of Marx’s.

For Coase and his followers who safeguard the capitalist system of private property rights, the issue of these two laws is very dangerous, one they will not or dare not study.

6. Property rights consist of various legal rights in relation to property. The property rights studied by Marx include proprietary right, right of possession, right of use, right of control, right of operation, right of demand, right of inheritance and right of inviolability. Marx made all-round and in-depth analyses of each right covered by property rights and revealed the essence of every right related to property.

Coase has also discussed some of the rights included in property rights, although far less profoundly and comprehensively than Marx did. However, the fundamental difference is not in this respect but whether their explanations of the rights cling to superficial phenomena and provisions of law or incisively reveal the essence of the rights. Coase’s expositions of rights relating to property in capitalist society never touch their essence and go no further than superficial phenomena and legal provisions.

7. The rights inherent in property rights may be unified and belong to the same subject or separate from one another and belong to different subjects.

In the history of economic thought and of property rights theories, Marx was the first theorist to

12 Karl Marx and Frederick Engels, *Collected works*, vol. 28, p. 386.
13 Karl Marx and Frederick Engels, *Collected works*, vol. 28, pp. 397-398.
study in depth and scientifically elaborate the unity and separation of the various rights inherent in property rights. He made all-round investigations and analyses of the unity and separation of rights prior to and in capitalist society, including the unity and separation of ownership and possession, of labor ownership and labor use or control, of land ownership and land operation, and of capital ownership and capital use, thus establishing a systematic and comprehensive theory of the unity and separation of property rights. With this theory, Marx further revealed the relations of production and class relations behind property relations.

8. Property rights are divided into public and private property rights. In the period of primitive capital accumulation, there appeared a process of plunder and theft in which public property rights were changed into private property rights.

Marx studied public and private property rights, the primitive accumulation of capitalism and the role of law in turning public and state-owned property rights into private property rights in the primitive accumulation period of capitalism. He pointed out that this period constituted a process in which the expropriators “plunder the state-owned land and especially ceaselessly steal public land,” that is, a process of “expropriation of the people.” In this process, “the law itself now becomes the instrument by which the people’s land is stolen,” and the “Bills for Inclosure of Commons” became the “decrees by which the landowners grant themselves the people’s land as private property,” “decrees of expropriation of the people.”

9. Capitalist property relations and rights have an antagonistic character and will turn from forms of the development of the productive forces into their fetters. They will eventually be replaced by socialist property relations and the socialist system of property rights. The starting point of the socialist movement is the creation of conditions for the public ownership of the means of production.

Marx studied the historical role of the capitalist mode of production, of the capitalist relations of production compatible with the capitalist mode of production, and of the capitalist property relations determined by the capitalist relations of production. He pointed out that the capitalist relations of production and property relations had once been forms of development of society’s material productive forces and had played a positive role in promoting their growth. But capitalist relations of production and capitalist property relations had an antagonistic aspect. When bringing to light “the antagonistic nature of the whole capitalist property relations” Marx quoted the famous British political activist and essayist S. Laing, “In no particular have the rights of persons been …sacrificed to the rights of property…” In his “Contribution to the Critique of Hegel’s Philosophy of Law. Introduction,” written as early as 1843, Marx wrote, “…the proletariat demands the negation of private property…” During his first attempt to expound communism in his “Economic and Philosophic Manuscript of 1844,” he said, “Communism is the positive transcendence of private property…” Marx scientifically proved in his later research that, “At a certain stage of their development, the material productive forces of society

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come in conflict with the existing relations of production, or – what is but a legal expression for the same thing – with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters.”

Marx also proved that capitalist relations of production would eventually be replaced by socialist relations of production and, correspondingly, capitalist property relations would eventually be replaced by socialist property relations. “The beginning [of the socialist movement] must be to get the means to socialize the means of labor.”

Thus we can see from the above that Marx developed his theory of property rights into a scientific system, advancing, expounding and clarifying a series of tenets concerning property rights.

Coase’s theory of property rights is now known as the “Coase theorem.”

Many Western scholars hold that the proposition known as the Coase theorem has its source in the cases in “The Problem of Social Cost” written by Coase in 1960. But this article contains nothing but one case after another, and researchers would have difficulty finding any theoretical expressions of the Coase theorem there.

Other Western scholars believe that the proposition originates in one sentence in Coase’s 1959 paper, “The Federal Communications Commission,” in which he wrote: “The delimitation of rights is an essential prelude to transactions.” He gave no further proof or elaboration of this proposition. A disciple of his said, “In short, the later world-famous Coase theorem comes from this sentence.”

As for what the Coase theorem is, Coase himself has offered no explanations, and opinions in Western economic circles are widely divided.

Based on the example of the cattleraiser and the farmer in Coase’s “The Problem of Social Cost,” George J. Stigler, who was the first to call Coase’s proposition the Coase theorem, used the relationship between private and social costs under perfect competition to explain it. He said, “The Coase theorem thus asserts that under perfect competition private and social costs will be equal.” The view of the older generation of economists was that when a cattleraiser’s cattle damaged the crops of a farmer, the former should naturally compensate the latter for his loss. Generally speaking, the party who perpetrates negative externalities, e.g., pollution, should be censured and should compensate the injured party. Their policy proposal was that where there are harmful externalities, government regulation is necessary. Now Coase put forth a new idea: externalities are reciprocal. On the one hand, the cattleraiser inflicts losses on the farmer and increases social cost; on the other hand, the farmer claims damages, thus inflicting losses on the cattleraiser and increasing his private costs. His policy proposal is that if, when externalities

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18 Karl Marx and Frederick Engels, *Selected works* (in three volumes), pp. 503-504.
19 Karl Marx and Frederick Engels, *Collected works*, vol. 21, p. 394.
21 Steven N. S. Cheung, “Coase as I know,” p. 121.
22 George J. Stigler, *The theory of price*, p.120.
exist, the parties concerned get together for discussion, Pareto efficiency will be reached without government intervention. Although he was the first man to call this strange proposition the Coase theorem, Stigler did not express approval of it but said that his older generation of economists had always held the opposite views to those in the theorem while younger readers took it for granted. Thus this proposal seems stranger to the older generation of economists than to young people.

Since Stigler, Western economists have interpreted the Coase theorem in a variety of ways. Robert D. Cooter, a researcher on the theorem, has classified them into three categories: the “free exchange” interpretation, the “transaction cost” interpretation and the “perfect competition” interpretation.

According to the “free exchange” interpretation, the Coase theorem would be: the initial allocation of legal property rights does not affect economic efficiency as long as a free exchange can be made.

According to the “transaction cost” interpretation, the Coase theorem would be: the initial allocation of legal property rights does not affect economic efficiency as long as the transaction cost is zero.

According to the “perfect competition” interpretation, the Coase theorem would be: the initial allocation of legal property rights does not affect economic efficiency as long as exchanges can be made in a perfectly competitive market.

The three tautological interpretations of the Coase theorem show that what Coase’s theory of property rights tries to raise and answer focuses on the relationship between the definition or delimitation of property rights and economic efficiency.

It is thus clear that the Coase theorem only proposes and tries to solve one of the problems involved in the theory of property rights, and Coase is far from seeking to solve a series of important problems in that theory.

If we say Marx had already constructed the main body of the Marxist theoretical edifice of property rights, then Coase has only prepared some “bricks” for the building of the Western edifice in this regard, “bricks” mentioned by the Swedish from the Royal Swedish Academy of Sciences (RSAS) when he introduced Coase on behalf of the academy at the prize-giving ceremony when Coase received the Nobel Prize for Economics and also mentioned by Coase himself in his later speech. Getting materials ready for construction – preparing some “bricks” – is far from the completion of principal part of a project. Therefore, as far as the theoretical system of property rights is concerned, Coase’s theory of property rights has not developed into a system and is by no means at the same level as Marx’s, which was developed into a scientific system.

If we confine ourselves to the relationship between property rights and economic efficiency, a comparison may be made between the theory of property rights of Marx and that of Coase.

With rigorous scientific expositions, Marx proved that capitalist relations of production and consequently capitalist property relations and the capitalist system of property rights were forms of development of society’s material productive forces over a quite long historical period and
played a positive role in promoting the growth of the productive forces. But capitalist relations of production, and consequently capitalist property relations and the capitalist system of property rights, are full of antagonisms and ultimately become fetters on the development of the productive forces. This Marxist principle has withstood the test of logic, history, and practice. It can be inferred from this principle that when capitalist property relations and the capitalist system of property rights are compatible with the development of productive forces the capitalist economy is efficient; when they are not, it is inefficient.

Coase’s proposition about the relationship between property rights and economic efficiency – that as long as private property rights are clearly delimited, the capitalist market economy is always efficient – is by no means proven, either by Coase himself or by his followers. The whole history of the capitalist market economy shows this thesis does not hold water. The market failure theory in Western microeconomics also proves this thesis of Coase’s is wrong, because among all market structures only the ideal, perfectly competitive market is efficient while real-world monopolistic, oligopolistic and monopolistic-competitive markets are all to some degree inefficient, despite the fact that they are all based on private property rights. As for the ideal, perfectly competitive market, Paul Samuelson has said it never existed. So it can be seen that the Coase theorem does not withstand the test of logic, nor yet the test of history and practice.

The different theories of property rights of Marx and Coase have completely different policy implications and consequences for the socialist market economy in China.

The Coase theorem had originally a very limited scope of application. In their studies and explanation of the Coase theorem’s sphere of application, Western economists stressed that it “has a limited scope of application,” and is “applicable only to some specific circumstances.” “The fields where it is applied are not the normal conditions of the real world.”23

However, the followers of Coase have done their best to extend its sphere of application and have gone so far as to take it as the guiding principle for economic restructuring in China. Their “Sinicized” and “localized” Coase theorem is: once property rights are delimited, all the difficult problems of the market economy can readily be solved. Their basic view and position about property rights reform in state-owned enterprises in socialist countries are: public property rights are not delimited; only when privatization is practiced and socialist public ownership is transformed into capitalist private ownership and socialist public property rights into private property rights will property rights be delimited and the economy efficient.

As far as Coase’s statement that “The delimitation of rights is an essential prelude to transactions” is concerned, one cannot conclude that it is only possible for property rights to be delimited when the private ownership prevails. It seems that this statement can also apply to a socialist market economy where public ownership is dominant and diverse sectors of the economy coexist. But this statement appeared under the sub-title “Private Property…” in “The Federal Communications Commission” by Coase. So that disciple of his explained, “The delimitation of rights refers to private property rights.”24

24 Steven N. S. Cheung, “Coase as I Know,” p. 121.
On a visit to the mainland to propagate Coase’s theory of property rights, his disciple said, “I have never harbored any illusion about the communist system. I have always believed that the system of private ownership is the only reliable way to economic development…China will gradually evolve something like the system of private ownership.” He revealed, “Coase completely agrees with my analysis.”

Coase did not always stay behind the scenes and sometimes took the stage to urge China to practice privatization. He said to Chinese visitors in 1997, “the crux of the matter lies with privatization…The Western economists…advice, ‘you’d better practice privatization….’ Once you establish the system you won’t need to be anxious about privatization.” In 2005, the 95-year-old Coase, disregarding the advance of years, wrote a striking forward praising the 1982 article entitled “Will China go capitalist?” by that disciple of his and pushing his own theory of property rights and transaction costs. Coase said, “Subsequent events have vindicated Cheung’s prediction …Readers of this book, by following these events with the aid of the concepts of property rights and transaction costs, will better understand what is going on.” The views and propositions of Coase and his disciples and followers indicate that if the reform of property rights in our socialist market economy were carried out under the guidance of Coase’s theory of property rights we would inevitably practice privatization. If this were really true, socialist public ownership would eventually become capitalist private ownership, socialist public property rights would eventually become capitalist property rights and the socialist market economy would eventually become the capitalist market economy.

According to Marx’s theories of ownership and property rights and proceeding from the basic requirements of the socialist system and from the level of material productive forces in present-day Chinese society, we must keep the dominant position of public ownership and the coexistence of various forms of ownership with regard to the ownership of means of production in the socialist market economy; correspondingly, with regard to property rights we must keep the dominant position of public property rights and the coexistence of various kinds of property rights.

According to Marx’s theories of ownership and property rights, the principle of separation of ownership from operation may be applied in property rights reform in the state-owned enterprises of socialist countries: the state enjoys ownership while the enterprises have the right of operation. Ownership by the state means that enterprise property belongs to the state or the people of the whole country while the right of operation by enterprises means that enterprises have the right to operate independently according to law the properties the state grants them for operation. The program of state-owned enterprise reform with separation of ownership from operation is a reform program with clearly established ownership of public property rights favorable for the development of the material productive forces in society. This program is a

25 Steven N. S. Cheung, *China’s future*, p. 11.
fundamental guarantee that socialist state-owned enterprises will not degenerate into capitalist private enterprises and thus a fundamental guarantee that the socialist market economy will not degenerate into a capitalist market economy.

According to Marx’s theories of ownership and property rights, in the primary stage of socialism SOE reform in socialist countries should by no means follow the road of primitive accumulation of capitalism and allow the expropriators to rob the state and the people of their property and steal public wealth. The laws of socialist countries on property rights should never be like the laws of capitalist countries in the period of capitalist primitive accumulation and allow the expropriators to “grant themselves the people’s land as private property,” thus degenerating into laws that deprive the people, but must be laws that guarantee the dominant position of public ownership and the coexistence of various economic sectors and also guarantee the dominant position of public property rights and the coexistence of various kinds of property rights.

Is the “Coase theorem” science or fallacy? Some very influential contemporary Western economists have given their answer: Coase’s theory of property rights is a fallacy, not a science.

For example, having discussed the three interpretations of the Coase theorem, Robert D. Cooter, author of the entry on the “Coase Theorem” for *The New Palgrave: A Dictionary of Economics*, said, “attempts to formulate the Coase Theorem in any of its three interpretations encounter obstacles which suggests that it is probably false or a mere tautology.” He added, “The transaction cost interpretation of the Coase Theorem errs in the direction of optimism by assuming that cooperation will always occur when bargaining is costless,” and “consequently, the transaction cost interpretation of the Coase Theorem should be regarded as false or as a tautology.”

For example, Paul A. Samuelson and William D. Nordhaus have pointed out that the Coase theorem was by no means proved. They said, “Game theorists have found no theorem proving that an invisible hand will lead two or more bargainers to the Pareto-efficient level of pollution. Coase never proved such a result, nor has anyone else.” Their criticism is really very severe. This is tantamount to declaring that the unproven Coase proposition cannot be called the Coase theorem, because a theorem is a statement that has been shown to be true and can thus be used as a principle or law.

For another example, Joseph Stiglitz harshly criticized the Coase theorem and pointed out that the so-called Coase theorem is in fact “the Coase Fallacy.” After Coase received the Nobel Prize, Stiglitz continued to criticize the theorem in harsh terms, pointing out that Coase’s theory of delimitation of property rights was a “property myth” that could be dangerous for socialist countries. He said, “This myth is a dangerous one because it has misled many of the countries engaged in transition to focus on property rights issues, on privatization.”

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28 Karl Marx, *Capital*, vol. 1, p. 885
Coase’s winning the Nobel Prize for the Economics with two quite controversial articles was highly unusual. There were a lot of doubts when the news got out. The mystery of Coase’s win will be solved one day. Apart from Western countries’ need to use Coase’s theory of property rights to provide the theoretical basis for their own privatization and that of the developing countries they have led astray, as well as for scrambling for property rights on the high seas and in outer space, they also need to use this theory to induce socialist countries into peaceful evolution and privatization. As we all remember, Coase received his prize at a time when radical changes were taking place in the Soviet Union and Eastern Europe. Coase’s disciple Steven Cheung said in his selected writings published mainly in praise of his teacher after Coase won the prize, “The Coase theorem …opened the eyes of the people of the world to the importance of property rights and has made communism breathe its last.”33

Marx was the founder of the Marxist political economy, the founder of the Marxist science of law and the founder of the Marxist legal economy. Over the recent one hundred years and more, Marx’s theory of property rights has stood the test of logic, history and practice and has been proved, and will continue to be proved, to be the first systematic theory of property rights in the history of the social sciences and the most truly scientific theory of property rights to date.

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33 Steven N. S. Cheung, “Coase as I Know,” p. 117.

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