UNIT-12: SOCIALISM

UNIT STRUCTURE

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12.1. LEARNING OBJECTIVES

- To know about the meaning and definition of Socialism
- To know about nature and kinds of Socialism
- To know about the merits and demerits of Socialism

12.2. INTRODUCTION

The term socialism refers to any system in which the production and distribution of goods and services is a shared responsibility of a group of people. Socialism is based upon economic and political theories that advocate for collectivism. In a state of socialism, there is no privately owned property. In theories developed by Karl Marx, socialism is the transitional period between capitalism and communism, the set of beliefs that states that all people are equal and should share equally in a country's money, or the political systems based on these beliefs. Socialism can exist within countries as an overall economic system or within factions thereof such as corporations, healthcare, public education, and education.

Many people use the term socialism to describe behaviour in which a government takes on a larger role in the economy. For example, many opponents claim that President Barack Obama is a socialist because he

takes the position that the government should be involved in many aspects of people's lives and because he believes that people have a shared responsibility to each other.

The word "socialism" was coined in the 1830s and it was first used to refer to philosophical or moral beliefs rather than any specific political views. For example, Alexandre Vinet, who claimed to have been the first person to use the term, defined socialism simply as "the opposite of individualism". Robert Owen also viewed socialism as a matter of ethics, though he used it with a slightly more specific meaning to refer to the view that human society can and should be improved for the benefit of all. In a similar vein, Pierre-Joseph Proudhon claimed that socialism is "every aspiration towards the amelioration of society".

For Andrew Vincent, "[t]he word 'socialism' finds its root in the Latin sociare, which means to combine or to share. The related, more technical term in Roman and then medieval law was societas. This latter word could mean companionship and fellowship as well as the more legalistic idea of a consensual contract between freemen".

Maurice Cornforth defines, "Socialism is the social ownership of means of production and their utilization to satisfy the material and cultural requirements of the whole of society. Socialism is necessary because only by such a radical transformation of economic basis of society can the evils resulting from capitalism be done away with and new powerful techniques be fully utilized".

12.3. NATURE OF SOCIALISM

Socialism is a range of economic and social systems characte-rised by social ownership of the means of production and workers' selfmanagement, as well as the political theories and movements associated with them. Social ownership can be public, collective or cooperative ownership, or citizen ownership of equity.

The term "socialism" is also attributed to Pierre Leroux and to Marie Roch Louis Reybaud in France; and to Robert Owen in Britain who became

one of the fathers of the cooperative movement. The modern definition and usage of "socialism" settled by the 1860s, becoming the predominant term among the group of words "co-operative", "mutualist" and "associationist", which had previously been used as synonyms. The term "communism" also fell out of use during this period, despite earlier distinctions between socialism and communism from the 1840s. An early distinction between socialism and communism was that the former aimed to only socialise production while the latter aimed to socialise both production and consumption (in the form of free access to final goods). However, Marxists employed the term "socialism" in place of "communism" by 1888, which had come to be considered an old-fashion synonym for socialism. It was not until 1917 after the Bolshevik Revolution that "socialism" came to refer to a distinct stage between capitalism and communism, introduced by Vladimir Lenin as a means to defend the Bolshevik seizure of power against traditional Marxist criticisms that Russia's productive forces were not sufficiently developed for socialist revolution.

As a science, socialism has its own laws and categories, reflecting the basic aspects of revolutionary transformation of capitalist into communist society. The laws relate to the socialist revolution, establishment of the dictatorship of the proletariat and the transition from capitalism to socialism and then to communism. How the working class will conduct, a class struggle scientific socialism relates that. It provides guidance for revolutionary struggle. It contains the principles, laws and techniques of a new society classless society. Scientific socialism is not a conceptual matter; it is an operative aspect of historical transition from capitalism to communism. Scientific socialism deals with the various stages of revolutionary struggle and nature of socialist society. The evils of capitalism created large-scale discontent in the minds of men and they were in search of a way out. People well aware to the evil effects of capitalism believed that only a socialist society could save the working class people and common people from all types of exploitation and oppression.

In the first half of the 19th century, many writers who described themselves as socialists—and who would be later called utopian socialists—wrote down descriptions of what they believed to be the ideal human society. Some of them also created small communities that put their ideals into practice. A constant feature of these ideal societies was social and economic equality. Because the people who proposed the creation of such societies called themselves socialists, the word "socialism" came to refer not only to a certain moral doctrine, but also to a type of egalitarian society based on such a doctrine.

Socialism abolishes the wage labour system of capitalism. That is, there shall be no sale of labour power. The whole material production is devoted to use value. The scale and character of production in all branches will be governed purely by social needs and not by the desire or profit making. Socialism means that the vast resources of modern technique are developed and utilized to meet the needs of the people. The productive forces being released from private control will be used for the general welfare of the society. Socialism promises increased productiveness and greater intensity of labour. They both augment the mass of articles produced in a given time. By suppressing the capitalist mode of production, the length of the working day could be reduced to the necessary labour time. Again, in socialism the distinction between necessary and surplus labour will lose its importance and meaning. The surplus value derived from surplus labour will be abolished in socialism. Worker will get enough time for their own recreation. They will devote time to the cultural activities and finer pursuits. Socialism not only assertively talks about the full satisfaction of material needs, but all-round development of human personality. Socialism promises to liberate human power from bondage.

Capitalist system of production imposes manifold barriers through division of labour and many other ways. Marx, that is why, wanted to bring an end of the division of labour which was crippling workers both physically and spiritually. Socialism does not mean that human development and creativity cease to exist, but that there are no longer any social restrictions

upon them. In socialism the realm of freedom will be considerably expanded. Being released from physical necessity human beings will invest energy for greater and nobler purposes.



CHECK YOUR PROGRESS

Q.1. State whether the following statements are true or false:

(a) Socialism is based upon economic and political theories that advocate for collectivism. (True/False)

(b) The term "socialism" is also attributed to Pierre Leroux and to Marie Roch Louis Reybaud in France; and to Robert Owen in Britain who became one of the fathers of the cooperative movement. (True/False)

Q.2. What is Socialism?

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ACTIVITY 12.1

What is the definition of socialism by Andrew Vincent?

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12.4 KINDS OF SOCIALISM

Manifesto contains a precise but useful classification of socialism. According to this classification socialism is of three type's Feudalistic socialism; Bourgeois socialism and Utopian socialism. Before the Industrial Revolution the feudal lords and the aristo-crats were combined together and formed a class which was the basic class.

After industrialization the emergence of bourgeoisie cornered the aristocracy and it became the basic class whereas the aristocrats were

relegated to the non-basic class. This was not possible for the aristocracy to swallow. The aristocrats and landlords revolted against the bourgeois domination and in order to arouse the sympathy of the workers and peasants they indicated the bourgeoisie. The aristocrats were able to relieve their feelings by penning lampoons against their new masters and by uttering sinister prophesy of impending doom. Such was the origin of feudalistic socialism.

The feudalists pointed out that the capitalists were exploiters, but they forgot that they were also exploiters. The aristocrats inspired educated people to write pamphlets exposing the nature and extent of bourgeois exploitation.

The second type of socialism is petty-bourgeois socialism. Petty-bourgeoisie is a class that stands between proletariat and bourgeoisie and is perpetually consti-tuted as a supplementary component of bourgeois society.

The members of the petty-bourgeois class have made a shrewd analysis of capitalist system and have exposed the contradiction; it blames capitalism for all evils. Petty-bourgeoisie further condemns the capitalism for introduction of machinery and division of labour. It emphasizes the wretchedness of proletariat, anarchy of production, gross inequalities in the distribution of wealth, the industrial wars the nations wage for mutual extermination, and the breakup of the old family ties. But in practice the petty-bourgeois socialism wants to re-establish the old methods of production and these with old property relations.

In France there developed a system of socialist thought. The German philosophers borrowed the basic principles of French philosophical thought and adopted it to the soil of Germany. But the socio-political conditions of two countries were not identical and as a result of it the key concepts of French socialism were considerably distorted. The German socialists demanded political movement for realization of socialist goals, such as abolition of repressive measures of government and bourgeois law, establishment of liberty and equality, protection of the freedom of press.

But unfortunately the German socialists failed to champion the interests of proletarians.

Again, there are eight types of socialism. They differ on how capitalism can best be turned into socialism. They also emphasize different aspects of socialism. Here are the major branches, according to "Socialism by Branch."

Democratic Socialism: The working people manage the means of production, and there is a democratically elected government. Central planning distributes common goods, such as mass transit, housing, and energy, while the free market is allowed to distribute consumer goods.

Revolutionary Socialism: Socialism will emerge only after capitalism has been destroyed. "There is no peaceful road to socialism." The factors of production are owned by the workers and managed by them through central planning.

Libertarian Socialism: Libertarianism assumes that the basic nature of people is rational, autonomous, and self-determining. Once the strictures of capitalism have been removed, people will naturally seek a socialist society that takes care of all, free of economic, political, or social hierarchies. They see it is the best for their own self-interest.

Market Socialism: Production is owned by the workers. They decide how to distribute among themselves. They would sell excess production on the free market. Alternatively, it could be turned over to society, which would distribute it according to the free market.

Green Socialism: This type of socialistic economy highly values the maintenance of natural resources. Public ownership of large corporations achieves this. It also emphasizes public transit and locally sourced food. Production focuses on making sure everyone has enough of the basics instead of consumer products one doesn't really need. This kind of economy guarantees a livable wage for everyone.

Christian Socialism: Christian teachings of brotherhood are the same values expressed by socialism.

Utopian Socialism: This was more a vision of equality than a concrete plan. It arose in the early 19th century, before industrialization. It would be achieved peacefully through a series of experimental societies.

Fabian Socialism: This type of socialism was extolled by a British organization in the late 1900s. It advocated a gradual change to socialism through laws, elections, and other peaceful means.

12.5. Merits and demerits of Socialism

Prof. Schumpeter has advanced four arguments in favour of socialism: greater economic efficiency; welfare due to less inequality; absence of monopolistic practices; and absence of business fluctuations. We discuss these merits of socialism one by one.

(1) Greater economic efficiency: Economic efficiency under socialism is greater than under capitalism. The means of production are controlled and regulated by the central planning authority towards chosen ends. The central planning authority makes an exhaustive survey of resources and utilises them in the most efficient manner. Socialism has greater economic efficiency than in capitalism. The means of production are controlled and regulated by the central planning authority towards chosen ends. Economic efficiency is attained by utilising resources in producing socially useful goods and services which satisfy the basic wants of the people. It gives greater welfare due to less inequality of income. Monopolistic practices are absent in this type of economy. The business fluctuations are also not present and hence there is no problem of unemployment or depression.

(2) Welfare due to less inequality: In a socialist economy there is less inequality of income as compared with a capitalist economy because of the absence of private ownership of the means of production, private capital accumulation, and private profit. All citizens work for the welfare of the state and each is paid his remuneration according to his ability, education and training. All rents, interests and profits from various sources go to the state which spends them for public welfare in providing free education, cheap and congenial housing, free public health amenities, and social security to the people.

Under socialism, workers are no longer exploited because they own the means of production. Profits are spread equitably among all workers

according to their individual contribution. The cooperative system also provides for those who cannot work. It meets their basic needs for the good of the whole society. The system eliminates poverty. It provides equal access to health care and education. No one is discriminated against. Everyone works at what one is best at and what one enjoys. If a society needs job to be done that no one wants, it offers higher compensation to make it worthwhile. Natural resources are preserved for the good of the whole.

(3) Absence of monopolistic practices: Another advantage of socialism is that it is free from monopolistic practices to be found in a capitalist society. Since under socialism all means of production are owned by the state, both competition and monopoly are eliminated. The exploitation by the monopolistic is absent. Instead of private monopoly, there is the state monopoly of the productive system but this is operated for the welfare of the people. In the state-owned factories, socially useful commodities are produced which are of high quality and are also reasonably priced.

(4) Absence of business fluctuations: A socialist economy is free from business fluctuations. There is economic stability because production and consumption of goods and services are regulated by the central planning authority in accordance with the objectives, targets and priorities of the plan. Thus, there is neither overproduction nor unemployment.

Demerits of Socialism:

The biggest disadvantage of socialism is that it relies on the cooperative nature of humans to work. It ignores those within society who are competitive, not cooperative. Competitive people tend to seek ways to overthrow and disrupt society for their own gain. Capitalism harnesses this "Greed is good" drive. Socialism pretends it does not exist. As a result, socialism doesn't reward people for being entrepreneurial. It struggles to be as innovative as a capitalistic society. A third disadvantage is that the government has a lot of power. This works as long as it represents the wishes of the people. But government leaders can abuse this position and claim power for themselves.

Socialist economy has also certain disadvantages such as Loss of consumer's sovereignty in choosing their products. They can purchase those commodities which are available in the departmental stores. There is no freedom of occupation and that they cannot leave it or change it. Arbitrary allocation of resources is prevailed in socialism and central planning power commits fault in allocation of resources. Socialism is more of bureaucratic and is operated like machinery. It does not provide necessary initiative to the people to work hard. Hence, some of the demerits of socialism can be mentioned as follows:

(1) **Loss of Consumers' Sovereignty:** There is loss of consumers' sovereignty in a socialist economy. Consumers do not have the freedom to buy whatever commodities they want. They can consume only those commodities which are available in department stores. Often the quantities which they can buy are fixed by the state.

(2) **No Freedom of Occupation:** There is also no freedom of occupation in such a society. Every person is provided job by the state. But he cannot leave or change it. Even the place of work is allotted by the state. All occupational movements are sanctioned by the state.

(3) **Malallocation of Resources:** Under socialism, there is arbitrary allocation of resources. The central planning authority often commits mistakes in resource allocation because the entire work is done on trial and error basis.

(4) **Bureaucratic:** A socialist economy is said to be a bureaucratic economy. It is operated like a machine. So it does not provide the necessary initiative to the people to work hard. People work due to the fear of higher authorities and not for any personal gain or self-interest. There is no doubt that a socialist economy is better than a capitalist economy because of its overwhelming merits. But it is disliked for the loss of political, economic and personal freedoms.



CHECK YOUR PROGRESS

Q.3. Say whether the following statements are true or false.

(a) According to Manifesto classification socialism is of three type's Feudalistic socialism; Bourgeois socialism and Utopian socialism. (True/False)

(b) One of the merits of socialism is greater economic efficiency. (True/False)

Q.4. What is no freedom of occupation in socialism?

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ACTIVITY 12.2

Briefly mention about two of the merits of socialism.

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12.6. Let us sum up

- The term socialism refers to any system in which the production and distribution of goods and services is a shared responsibility of a group of people.
- Socialism is a range of economic and social systems characterised by social ownership of the means of production and workers' self-management, as well as the political theories and movements associated with them. Social ownership can be public, collective or cooperative ownership, or citizen ownership of equity.
- The term "socialism" is also attributed to Pierre Leroux and to Marie Roch Louis Reybaud in France; and to Robert Owen in Britain who became one of the fathers of the cooperative movement.

- As a science, socialism has its own laws and categories, reflecting the basic aspects of revolutionary transformation of capitalist into communist society.
- According to this classification socialism is of three type's Feudalistic socialism; Bourgeois socialism and Utopian socialism.
- There are eight types of socialism: Democratic Socialism**, Revolutionary Socialism, Libertarian Socialism,** Market Socialism, **Green Socialism, Christian Socialism,** Utopian Socialism, and **Fabian Socialism**



12.7. FURTHER READING

Howe, Irving, (ed) 1986, Essential Works of Socialism, Yale University Press, 3rd ed,

Harrington, Michael, 2011, Socialism: Past and Future, Arcade, 1st ed.

Sunkara, Bhaskar, 2019, The Socialist Manifesto, Atlantic Publishers and Distributors,

Marx, Karl, 2016 (nov), Capital (Das Capital), Vol. 1,2,3

Cape, Jonathan, 1936, Socialism: An Economic and Sociological Analysis, London



.12.8. ANSWER TO CHECK YOUR PROGRESS

Answer to the Q. No 1. (a) True (b) True

Answer to the Q. No 2. The term socialism refers to any system in which the production and distribution of goods and services is a shared responsibility of a group of people. Socialism is based upon economic and political theories that advocate for collectivism. In a state of socialism, there is no privately owned property. In theories developed by Karl Marx, socialism is the transitional period between capitalism and communism, the set of beliefs that states that all people are equal and should share equally in a country's money,

or the political systems based on these beliefs. Socialism can exist within countries as an overall economic system or within factions thereof such as corporations, healthcare, public education, and education.

Answer to the Q. No. 3. (a) True (b) True

Answer to the Q. No. 4. No freedom of occupation in socialism means there is also no freedom of occupation in such a society. Every person is provided job by the state. But he cannot leave or change it. Even the place of work is allotted by the state. All occupational movements are sanctioned by the state.



12.10 MODEL QUESTIONS

A) Very short questions:

1. Define socialism according to Maurice Comfort.
2. When did the term “socialism” coined for the first time?
3. How many types of socialism are there according to Manifesto classification?
4. What is democratic socialism?
5. Mention one demerit of socialism.

B) Short questions:

1. Analyse revolutionary socialism.
2. Briefly discuss about the nature of socialism.
3. Write a brief note on the merits of socialism.

C) Long Questions:

1. Write a note on the meaning and definition of socialism.
2. How many types of classifications of socialism are there? Discuss all of them.
3. Write a critical note on the merits and demerits of socialism.

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