

# Socialism

The most distinctive feature of socialism is its opposition to capitalism, an economic system based on individualism, competition and inequality. Socialism seeks to provide a more humane alternative by creating a society founded on collectivism, co-operation and social equality. Within socialism, there are various traditions that aim either to remove or reduce class divisions.

In this section you will learn about:

- the core ideas and principles of socialism
- the differing views and tensions within socialism
- key socialist thinkers and their ideas.

## 3.1 Socialism: core ideas and principles

### Collectivism

Collectivism is one of the most important ideas underpinning socialist ideology, informing other socialist values and principles including **equality, welfare** and **common ownership**.

It maintains that humans can achieve their political, social and economic objectives more effectively through collective action than through individual effort. Collectivism also implies that society can only be transformed by collective endeavour – for socialists, it offers a way of achieving an ideal society.

Socialists endorse collectivism for two fundamental reasons.

- From a moral perspective, the interests of the group – such as a society or a community – should take priority over individual self-interest. Collective effort encourages social unity and a sense of social responsibility towards others.
- In practical economic terms, collectivism utilises the capabilities of the whole of society efficiently, avoiding the wastefulness and limited impact of competitive individual effort.

Collectivism, therefore, reflects the socialist view that it is more important to pursue the interests of a society or a community rather than individual self-interest.

This emphasis on collectivism is rooted in the socialist view of human nature, which argues that humans are social animals; as such, they prefer to live in social groups rather than alone. It follows that humans have the capacity for collective action and can work together in order to achieve their goals. In this sense, they are tied together by the bonds of **fraternity**.

Socialists also argue that human nature is moulded by social conditions – the experiences and circumstances of a person's life. According to the socialist view, people can only be defined or understood in terms of the social groups they belong to. This line of argument leads socialists to conclude that membership of a community or society offers humans true freedom and fulfilment.

Most socialists call for some form of state intervention and state planning to promote collectivist goals and ensure that the distribution of goods and services is not left to free-market forces. The pursuit of collectivism is commonly seen to involve the growth of the state, the expansion of state services and responsibilities, and an increase in state spending.

#### Link

For more on **equality, welfare** and **common ownership** see the sections that follow Collectivism.

#### Key term

##### Fraternity

literally a 'brotherhood' – humans bound together by comradeship and a common outlook, because they share the same basic nature and interests, while differences due to class, religion, nationality and ethnic background are far less significant.

This book is a draft edition, see page ii for details

**Key term**

**Communism** an economic and political system advocated by Karl Marx in which private ownership of the means of production is abolished in favour of common ownership, a classless society is established, production is based on human need, and the state withers away. Marxists argue that it is only under such a system that humans can realise their full potential.

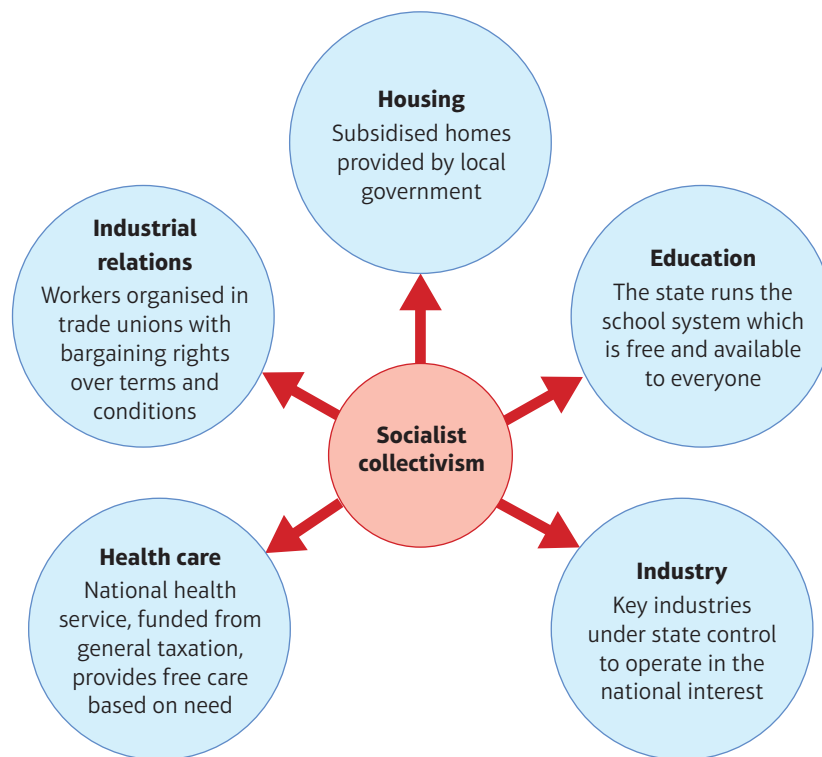
**Key term**

**Capitalism** wealth is privately owned and goods and services are produced for profit, as determined by market forces. The capitalist system has developed over the last five centuries to become the economic driving force of the modern global economy.

However, in practice, different strands of socialism vary in their commitment to collectivism.

Marxists and state socialists advocate collective action through a centralised state that organises all (or nearly all) production and distribution. For example, in the USSR after 1929, most industries were nationalised and all agricultural land was collectivised in order to transform a backward state into a modern industrial society, using complete state control of the economy to bring about change. After the Second World War, **communist** regimes in China and eastern Europe pursued similar policies of state-controlled collectivism.

Moderate socialists who accept some degree of free-market **capitalism** have pursued collectivism in a more limited way. For instance, the 1945–51 Labour government in the UK nationalised key industries – such as coal, electricity, and iron and steel – but left much of the economy in private hands.



**Figure 1.1:** The most common forms of socialist collectivism

In many ways collectivism is a difficult concept to pin down precisely. This is partly because it is often used to describe very different things. The term has been applied to small self-governing communities (such as those based on the ideas of the 19th-century socialists Robert Owen and Charles Fourier), general opposition to individualism, and a system of centralised state control that directs the economy and society.

Furthermore, collectivism is not exclusively linked to socialism. Many other ideologies – including liberalism, conservatism, nationalism and feminism – have adopted collectivist approaches. Liberals and conservatives in various European countries have also often backed state-welfare measures and government intervention in the economy.

There are two basic criticisms of collectivism.

- Because collectivism emphasises group action and common interests, it suppresses human individuality and diversity.
- As collectivist objectives can only really be advanced through the agency of the state, it leads to the growth of arbitrary state power and the erosion of individual freedoms.

Since the 1970s, socialists generally have attached less importance to collectivism. This is due to a growing perception that collectivism in developed countries such as the UK (mainly in the form of state welfare, trade union power, and government intervention in the economy) was producing a **dependency culture** and a sluggish, uncompetitive economic sector. The end of the Cold War in 1989 and the collapse of the USSR in 1991 reinforced this trend as collectivism suffered a significant ideological defeat.

## Common humanity

The socialist belief in a common humanity is also based on assumptions about human nature. Socialists see humans as social creatures with a tendency to **co-operation**, sociability and rationality; humans naturally prefer to co-operate with, rather than compete against, each other. In fact, the individual cannot be understood without reference to society, because human behaviour is socially determined.

Socialists advocate co-operation based on their positive view of human nature. They argue that humans are naturally inclined to work together for the common good and that co-operative effort produces the best results for society. Co-operation also reinforces and reflects the socialist idea of a common humanity, in both moral and economic terms. People who co-operate rather than compete with each other form connections based on understanding, respect and mutual support. They also channel the capabilities of the whole group or community, rather than just the potential of a single individual.

By contrast, according to the socialist view, competition (notably under capitalism) is wasteful, promotes social divisions and generates conflict, hostility and resentment. Socialists maintain that capitalist competition sets one person against another, a process that encourages people to reject or disregard their common humanity (and social nature) rather than accept it. It encourages humans to be self-centred and belligerent.

This emphasis on a common humanity has led socialists to conclude that human motivation can be driven by moral as well as material considerations. Here, the moral case for hard work is based on the argument that people want to contribute to the betterment of their society or community because they have a sense of responsibility for other humans, particularly the least fortunate. The moral incentive to act rests on the acceptance of a common humanity.

Most contemporary socialists accept the need for at least some material rewards to motivate people, but they also stress that these should be linked to moral incentives. For example, co-operative effort to boost economic growth not only increases living standards for the working population but also provides the funds (through taxation) to finance welfare measures to help the vulnerable and the poor.

### The co-operative movement

Socialist thinking about a common humanity and the benefits of co-operation has led to the development of the co-operative movement. Originally influenced by the ideas of Owen and Fourier, co-operatives are voluntary associations designed to provide economic assistance for their members. They are owned and run by workers or consumers (rather than investors), who benefit in the form of shared earnings or cheap goods secured through the co-operative. The movement began in the mid-19th century with the Rochdale Equitable Pioneers (1844) in the UK; co-operatives were subsequently established in many other countries including the USA, France, Italy and Germany. They take many forms, such as farming and wholesale co-operatives, mutual insurance companies, credit and banking co-operatives and housing associations.

#### Link



For more on **dependency culture**, see Section 1.1 of Conservatism.

#### Key term



**Co-operation** working collectively to achieve mutual benefits.

## Equality

The pursuit of social equality or equality of outcome is, arguably, the fundamental value of socialism. Socialists argue that this form of equality can be justified in several ways.

### Social equality ensures fairness

Economic inequality (differences in wealth), according to the socialist view, is due to the structural inequalities in a capitalist society, rather than innate differences of ability among people. For this reason, some socialists tend to reject equality of opportunity because, in their view, such a concept justifies the unequal treatment of people on the grounds of innate ability. This argument reflects a view of human nature that emphasises people are born with the potential to be equal.

Other socialists maintain that, since humans have different abilities and attributes, inequality in the form of differential rewards is inevitable to some extent. These socialists tend to endorse an egalitarian approach to ensure that people are treated less unequally, in terms of material rewards and living conditions. Without this commitment to socialist egalitarianism, formal political and legal equality is compromised because, on its own, the latter does nothing to tackle the structural inequalities (such as social class) inherent in capitalism.

### Social equality reinforces collectivism

A second argument is that social equality reinforces collectivism, co-operation and solidarity within society and the economy. Put simply, human beings are more likely to co-exist harmoniously in society and work together for the common economic good if they share the same social and economic conditions. For example, modern Sweden has high levels of social equality based on extensive wealth redistribution and social welfare. Socialists argue that such measures have made a major contribution to the stability, cohesion and economic output of Swedish society.

Social inequality, on the other hand, encourages conflict and instability. Societies with great economic and social inequalities are unstable because they are sharply divided into the 'haves' and 'have nots'. Eventually, if the situation is not addressed, the disadvantaged sections of society will revolt in protest against their conditions, as happened in Russia in 1917 and Mexico in 1910–20. In a similar way, socialists also condemn equality of opportunity for fostering a competitive 'dog-eat-dog' outlook.

### Social equality is a means of satisfying basic human needs

A third view is that social equality is a means of satisfying basic human needs that are essential to a sense of human fulfilment. Given that all people's basic needs are the same (such as food, friendship and shelter), socialists call for the equal, or more equal, distribution of wealth and resources to promote human fulfilment and realise human potential. Most socialists agree that the free-market economy, driven by the profit motive, cannot allocate wealth and resources fairly to all members of society. In their view, only the redistributive mechanism of the state can provide for everyone, irrespective of social position, and combat the divisive effects of the free market.

#### Link



For more on **Marxists**, see Section 3.2.

### Debates about equality

A key debate within socialism focuses on the extent to which social and economic equality can or should be achieved. Revolutionary socialists, such as **Marxists**, demand absolute equality for everyone in terms of material rewards and life opportunities. Such equality can be guaranteed only by the controlled distribution of goods and services, the abolition of private property and the introduction of common ownership of all means of production. Under this system, the state exercises common ownership and supervises the distribution of resources to prevent the return of social and economic inequalities.

**Common ownership**

Socialists endorse common ownership because, in their view, private property (productive wealth or capital, rather than personal belongings) has several important drawbacks.

- As wealth is created by the communal endeavour of humans it should be owned collectively, not by individuals.
- Private property encourages materialism and fosters the false belief that the achievement of personal wealth will bring fulfilment.
- Private property generates social conflict between ‘have’ and ‘have not’ groups, such as owners and workers.

Broadly speaking, socialists have argued either that private property should be abolished entirely and replaced with common ownership or that the latter should be applied in a more limited way. In the USSR from the 1930s, the Stalinist regime implemented an all-encompassing form of common ownership by bringing the entire economy under state control. More moderate socialists, including the Attlee Labour government in the UK (1945–51), have opted for limited common ownership by nationalising only key strategic industries, including the coal mines, the railways and steel-making, leaving much of the economy in private hands. However, in recent decades, western socialist parties have placed less emphasis on common ownership in favour of other objectives.

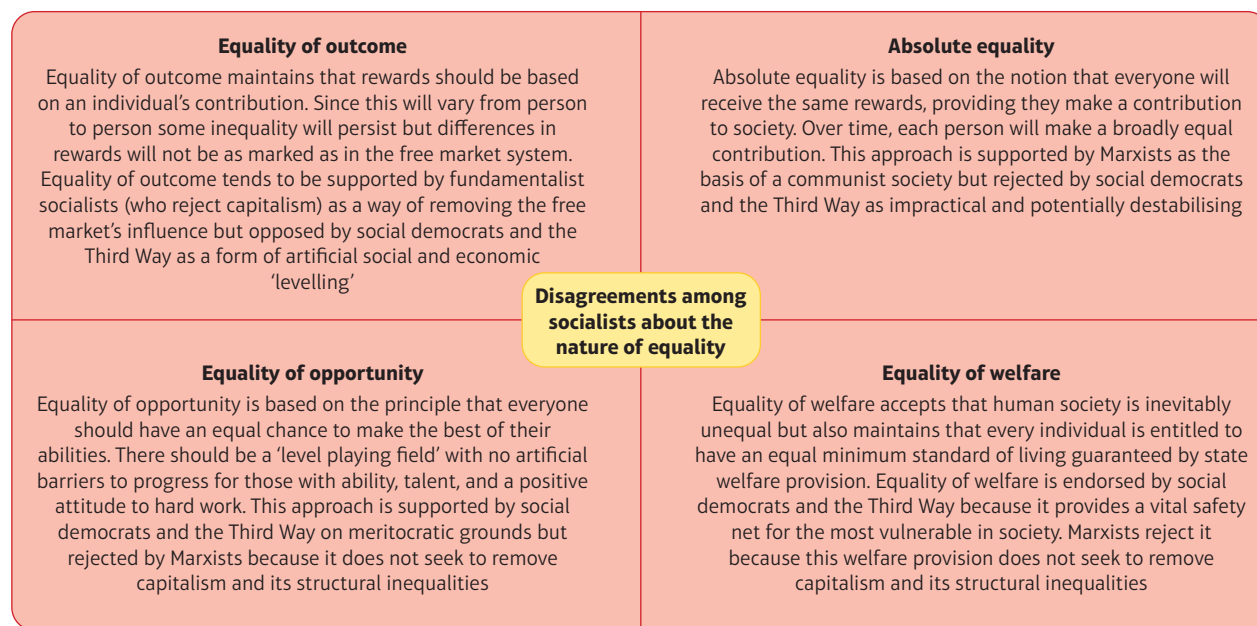
**Key term**

**Common ownership** the common ownership of the means of production so that all are able to participate in its running and to benefit from the wealth of society.

By contrast, **social democrats** call for the relative equalising of society via welfare measures, government spending and progressive taxation. Their primary aim is to remove absolute poverty and, if this can be achieved, then a certain level of inequality can be tolerated. Here, the state does not own or control all the means of production – its role is to adjust distribution to narrow differences in wealth and life chances. In essence, social democrats seek to reform rather than abolish capitalism and for this reason maintain that material incentives continue to play an important role in human motivation. As a result, the social-democrat position on social equality is flexible enough to embrace equality of opportunity.

**Link**

For more on **social democrats**, see Section 3.2.



**Figure 1.2:** The main disagreements among socialists about the nature of equality

**Pause & reflect**



Why do different socialists disagree about the nature of equality?

Political opponents of socialist ideology have rejected social equality because:

- **it is unjust** – in treating everybody the same irrespective of their attributes, it does not reward people according to their skills and abilities
- **it lowers human ambition, motivation and initiative** by removing or downgrading material incentives, leading to economic underperformance
- **it restricts the liberties of the individual** because it can only be implemented through extensive state intervention and control
- **it stifles diversity and individuality**, encouraging a ‘colourless’ social uniformity.

## Social class

For socialists, the existence of social classes explains the most important divides in society. At one level, socialists have used the concept of social class to enhance their understanding of social and political development. This approach has led them to conclude that people with a similar socio-economic position in society share a similar outlook and have common aims. It follows that social classes, rather than individuals, have been the principal agents of change throughout history. For example, Marxists assert that conflict between ruling and revolutionary classes is the driving force behind such change.

At another level, socialism’s focus on social class is based on an ideological commitment to represent the interests of, and improve conditions for, the working class. Indeed, for socialists, the working class provides the means for bringing about a socialist transformation of society and the economy. Having said this, social class is not viewed as either essential or everlasting because communist societies aim to eradicate all class distinctions, and other socialist societies seek to diminish class inequalities significantly.

### Categorising social classes

Social class provides a way of categorising and analysing society by dividing it into different economic and social groups. In basic terms, a social class consists of a group of people with similar social and economic characteristics. Marxism, in particular, has offered a highly influential class analysis of society and politics. From a communist perspective, a person’s class is determined by their economic position (such as a landowner, a capitalist or a wage earner) and these economically based class distinctions powerfully shape the nature of society. The crucial Marxist class division is between capital and labour – between the bourgeoisie (who own productive wealth) and the proletariat (who have to sell their labour power in order to survive).

Other definitions of class commonly focus on how occupational groups – such as middle class/white collar/non-manual workers and working class/blue collar/manual workers – differ in terms of income and status.

Marketing organisations have developed a more sophisticated classification scheme that distinguishes between six categories:

- A** Higher managerial, administrative or professional
- B** Intermediate managerial, administrative or professional
- C1** Supervisory, clerical
- C2** Skilled manual worker
- D** Semi-skilled and unskilled manual worker
- E** State pensioner, casual worker and unemployed

The British Election Study, which analyses voting behaviour, uses another class scheme. This distinguishes between owners and managers, and between the petite bourgeoisie (small proprietors) and the working class. Most contemporary political commentators maintain that social class now exerts a declining influence on society due to deindustrialisation and dealignment (a trend that sees a social group abandoning its previous partisan loyalty to a particular party, resulting in less predictable voting patterns).

Although clearly central to the ideology, socialists disagree over the importance of social class. Marxists traditionally emphasise the fundamental role of class politics based on the division between capital and labour. In this analysis, a person's class position is economically determined by his or her relationship to the means of production. **Marxism** maintains that conflict is inevitable between the owners of productive wealth (the capitalists or the bourgeoisie) and those who have to sell their labour to survive (the proletariat or working class). The ruling bourgeoisie use the state apparatus (such as the political and legal system, the bureaucracy, the army and the police) as an instrument of class rule to maintain their dominance. Nevertheless, this class conflict, according to Marxist theory, grows in intensity and inevitably divides society sharply into two antagonistic groups – the 'haves' and 'have nots'. Eventually, this process leads to a proletarian revolution that overthrows capitalism and the bourgeoisie. Once the workers' gains have been consolidated, social class differences are replaced by a classless equal society and the state withers away.

By contrast, social democrats define social class in more fluid terms, emphasising income and status differences between non-manual and manual occupational groups. Social democrats also tend to argue that socialist objectives can be achieved through targeted government and state intervention to narrow (not remove) class distinctions. For social democrats, the state does not represent an instrument of oppressive class rule but rather provides the welfare and redistribution schemes by which class inequalities can be reduced. Unlike Marxists, who stress class conflict and revolutionary action, social democrats advocate class consensus in society and peaceful social improvement.

Over the last 50 years or so, the connection between socialist ideology and class politics has weakened considerably. The decline in class politics, reflected in the social democrats' more moderate stance, has been an important consequence of deindustrialisation and the rise of the service economy. Deindustrialisation has led to the decline of traditional staple industries (such as coal mining and steel making), which had previously supported a culture of working-class solidarity, pro-socialist-worker politics and powerful trade union organisations. The contraction of the staple industries has undermined working-class solidarity and working-class communities, and has reduced the size of the manual workforce. Deindustrialisation has created post-industrial societies with service- and information-based economies and expanding middle classes.

As a result, in recent decades, moderate socialist parties have adapted their programmes to appeal to non-manual workers. They have also attempted to redefine their brand of progressive politics in terms of 'classless' concerns, such as green and feminist issues, and have placed less emphasis on the redress of working-class grievances.

## Workers' control

The term 'workers' control' refers to the complete or partial ownership of an enterprise (such as a business or factory) by those employed there. It can also be used in a wider sense to mean workers' control of the state.

### Key term

**Marxism** an ideological system, within socialism, that drew on the writings of Marx and Engels and has at its core a philosophy of history that explains why it is inevitable that capitalism will be replaced by communism.

**Link**

For more on **syndicalism**, see Anarchism chapter.

The concept has influenced different strands of socialist thought, including Marxism and **syndicalism**. Workers' control covers a range of schemes that aim to provide workers with full democratic control over their places of employment. These schemes go beyond the right to be consulted and participate by seeking to establish real decision-making powers for workers in their particular industries or occupations.

**Link**

For more on **alienation**, see Section 3.3.

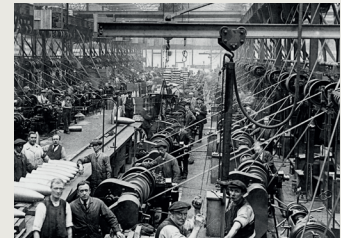
Such a system is often justified on the grounds that, since the workers are the key factor in the production process, they should have the right to control the means of production. Workers' control has also been proposed on the grounds of utility, the argument being that such arrangements would encourage employees to become more engaged with the enterprise and their work. At a more philosophical level, workers' control has been put forward as a way of combating **alienation** and the capitalist view of labour as a mere commodity. Finally, workers' control has been seen as an important step towards a socialist society.

**Case study: Russian Revolution**

- Mid-1917, Russian economy collapsed under strain of the First World War. Workers' factory committees were established to supervise or replace managers, to try to maintain production. By October 1917, this involved about 40% of the Russian industrial working-class.
- Bolsheviks issued Decree on Workers' Control (November 1917), giving additional powers to factory committees.
- Lenin was worried that factory committees would not follow Bolshevik directives. By 1918, he was taking steps to curb their powers. Factory committees later merged with trades unions under firm Bolshevik control.

**Case study: Guild Socialism in Britain**

- Emerged in the early 20th century and gained momentum during the First World War, due to rise of left-wing shop stewards' movement, which called for workers' control in war industries.
- Guild Socialists advocated state ownership of industry and workers' control by delegating authority to democratically run national guilds.
- The movement collapsed in 1920s, but stimulated debate in the Labour Party and trade-union movement about workers' control.

**Case study: Syndicalism in France**

- Militant trade-union movement began in France in the 1890s, heavily influenced by Georges Sorel's thinking on direct action and use of general strike to secure working-class objectives.
- Once a general strike had destroyed capitalist order, syndicalists envisaged a system where each industry would be run by trade unions and political institutions; the state would be replaced by workers' control based on a federation of trade-union bodies.
- Syndicalist ideas influenced the development of labour organisations in Italy, Spain and USA in the early 20th century.

**Questions**

- Which labour movement detailed in the three case studies above do you think has had most influence on labour relations in modern-day Europe?
- Which do you think would have done most to have improved working conditions at the time?



Critics reject such schemes on the grounds that they are utopian and fail to acknowledge that business needs risk-takers and investors as well as workers. According to this view, workers often lack the entrepreneurial attributes necessary for success. In taking over the management functions of appointments, promotions and dismissals, manual employees may adversely affect the economic viability of their workplace.

## 3.2 Differing views and tensions within socialism

### Revolutionary socialism

Revolutionary socialism rejects the use of democratic methods in the pursuit of a socialist society.

In the 19th century, this ‘revolutionary road’ to socialism was popular with many on the left for two reasons.

- The early development of industrialisation and capitalism brought poverty, exploitation and unemployment, which was expected to radicalise the working classes who were at the sharp end of these changes.
- As the workers were not part of the ‘political nation’, they had little ability to influence policies in government systems usually dominated by the landed aristocracy or bourgeoisie.

Socialism through revolution is also based on the conviction that the state is a ‘bourgeois’ instrument of class oppression, defending capitalist interests against those of the working classes. The primacy of the ruling class is reinforced by key institutions and agencies of the state, such as the parliamentary system, the mass media and high finance. Piecemeal or gradual change will not lead to a genuinely socialist society because the ruling class, and bourgeois values, are too firmly entrenched. For example, capitalists are adept at infiltrating political parties, representative assemblies and labour organisations in order to blunt their radicalism.

Furthermore, revolutionary socialism calls for a total transformation of society, so the existing state has to be completely uprooted and replaced with new revolutionary institutions. Such a fundamental change often leads to violence; the ruling class is unlikely to give up its power without a fight. Thus revolutionary socialists in Russia (1918–21), China (1946–49) and Mexico (1910–20) had to fight bloody civil wars to establish their regimes.

Finally, revolutionary socialists maintain that any attempt to ‘humanise’ capitalism, a system based on inequality and exploitation, would completely undermine the principles and objectives of socialism.

After the Second World War, revolutionary socialism was adopted by many national liberation movements in Africa, Asia and South America, including the Chinese communists led by Mao, the Viet Cong directed by Hoàng Văn Thái, and the Cuban insurgents under Castro. These movements concluded that such a strategy was the only way to remove the colonial powers and their domestic allies and dismantle outdated social and economic systems. The intention was to bring about rapid modernisation to enable these societies to catch up with the more prosperous and technologically advanced industrial countries.

The pursuit of the ‘revolutionary road’ has usually resulted in fundamentalist socialist regimes, such as those established in the Soviet Union, the People’s Republic of China and Cambodia under the Khmer Rouge. In all three cases, successful insurrection destroyed the old order, which permitted the creation of a new socialist society based on state control of the economy. Revolutionary strategy also encouraged the establishment of rigid hierarchical parties with dominant leaders and the use of ruthless dictatorial political methods to remove all opposition and introduce totalitarianism.

#### Pause & reflect



Why has revolutionary socialism held relatively little appeal in the developed countries of the West?

The end of the Cold War in the late 1980s and early 1990s delivered a hugely damaging blow to revolutionary socialism as communism collapsed in the Soviet Union and the satellite states of the Eastern bloc.

## Social democracy

Social democracy emerged after 1945 as western socialist parties embraced electoral politics and switched to the more limited aim of reforming, rather than abolishing, capitalism.

Ideologically, social democracy attempts to reconcile free-market capitalism with state intervention, based on three assumptions:

- although the capitalist system is a dependable creator of wealth, the way it distributes wealth produces inequality and poverty
- state intervention in economic and social affairs can protect the public and remedy the weaknesses of capitalism
- peaceful and constitutional methods should be used to bring about social change.

Social democracy is chiefly concerned with the just or fair distribution of wealth in society; its defining core value is **social justice**. This form of socialism rests on a moral, rather than a Marxist, critique of capitalism: socialism is morally superior to capitalism. Christian principles have also informed the social-democratic position, notably the Christian socialist tradition in the UK and 'liberation theology' in Latin America. Social democracy can encompass a variety of perspectives, including the acceptance of private-sector productivity and personal responsibility.

By the late 19th century, some socialist thinkers concluded that the Marxist analysis of capitalism was flawed. Eduard Bernstein published a **revisionist** study, *Evolutionary Socialism* (1899), which argued that capitalism was not developing along Marxist lines. Instead of succumbing to economic crises and promoting ever-deepening class conflict, the capitalist system was proving resilient and adaptable.

Bernstein argued, for example, that joint stock companies had widened the ownership of wealth through shareholders, rather than concentrating it in the hands of fewer and fewer capitalists. Bernstein concluded that capitalism was not a brutally exploitative system and it could be reformed peacefully through electoral politics. He advocated state ownership of key industries, and legal safeguards and welfare measures to protect the workers.

During the 20th century, western socialist parties increasingly recognised the dynamism and productivity of the market economy, abandoned their commitment to economic planning and pursued a revisionist policy of reforming capitalism. The Swedish Social Democratic Labour Party and the West German Social Democratic Party made this shift officially in the 1930s and 1950s respectively. The British Labour Party remained formally committed to common ownership until 1995, but post-war Labour governments never subjected the British economy to extensive state control.

Social democracy adopted a more limited programme, with three key elements:

- **support for a mixed economy** of both state and privately owned enterprises, with only key strategic industries nationalised, as under the Attlee Labour government of 1945–51
- **Keynesianism** as a means of regulating the capitalist economy and maintaining full employment
- **reform of capitalism chiefly through the welfare state**, which would redistribute wealth to tackle social inequality and the problem of poverty.

In 1956, the British socialist **Anthony Crosland** put forward the intellectual case for social democracy in his book *The Future of Socialism*. Crosland maintained that a new skilled governing

### Key term

**Social justice** a commitment to greater equality and a more just distribution of wealth in order to achieve a more equitable distribution of life chances within society.

### Key terms

**Revisionism** a revised political theory that modifies the established or traditional view. Here, revisionism refers to the critical reinterpretation of Marxism.

**Evolutionary socialism** a form of socialism advocating a parliamentary route to deliver a long-term, radical transformation in a gradual, piecemeal way through legal and peaceful means.

### Key term

**Keynesian economics** the economic theory developed by British economist John Maynard Keynes, which argued that governments should:

- spend or invest money to stimulate the economy and boost demand in times of recession
- use taxation and interest rates to manage demand within the economy, sustaining growth and deterring recession.

class of salaried managers, technocrats and officials had now taken over the control of industry from the old capitalist class. The pursuit of profit was only one of its objectives because this new technical and administrative elite also had wider concerns, such as the maintenance of good employer-worker relations and the protection of the business's reputation. Consequently, Crosland asserted, capitalism was no longer a system of harsh class oppression, and extensive state direction and control was now irrelevant.

Instead, Crosland emphasised the need for social justice (rather than common ownership) by stressing the redistributive role of the welfare state funded by progressive taxation. Under such a system, Crosland argued, economic growth would sustain social democracy. An expanding economy would provide the taxation revenue to pay for welfare spending and improve the living standards of the more affluent, who were expected to finance this social expenditure.

The early post-1945 decades were the heyday of social democracy, but the latter depended on two potentially conflicting features. By viewing market economics as the only secure way to create wealth, social democrats effectively conceded that capitalism could be reformed but not removed. At the same time, social democracy retained its socialist credentials by calling for social justice and distributive equality – the reduction of poverty and some redistribution of wealth to assist poorer social groups.

In short, social democracy was a balancing act that attempted to deliver both economic efficiency and egalitarianism. This central tension within social democracy was concealed during the early post-war boom-decades when economic growth, high employment and low inflation delivered rising living standards for most people, and the tax revenues to expand welfare programmes.

By the 1970s and 1980s, however, a sharp economic downturn exposed this central tension within social democracy. With unemployment mounting, the demand for welfare services increased as the tax-based funding for such social support declined (due to fewer people having a job and company profits falling). Now, social democrats faced a fundamental dilemma: should they reduce inflation and taxes to stimulate the economy or prioritise the funding of welfare to protect the lower paid and unemployed. Other factors also exacerbated the difficulties of social democracy in the 1980s and 1990s. The impact of the shift to a post-industrial service-based economy, and the contraction of the working class due to deindustrialisation, reduced social democracy's traditional electoral base. The collapse of the Soviet communist bloc (1989–91) inflicted further damage on social democracy. Popular rejection of the Soviet system also discredited other forms of socialism, including social democracy, which looked to the state to deliver economic and social reform.

### Third way

Partly in response to this crisis of social democracy, from the 1980s, reformist socialist parties in Europe and elsewhere revised their ideological stance and moved away from traditional social-democratic principles. Their new position, known as the 'third way' or 'neo-revisionism', attempted to formulate an ideological alternative to traditional social democracy and free-market neoliberalism in the context of a modern globalised economy. New Labour first introduced neo-revisionism in the UK during the 1990s. There is considerable disagreement over the third way's relationship to socialism due to the ideologically nebulous nature of neo-revisionism.

Nevertheless, five key features characterise third-way thinking:

- the primacy of the market over the state
- a social model based on consensus and harmony
- the value of community and moral responsibility
- social inclusion
- a competition or market state.

#### Link



For more on **Anthony Crosland**, see Section 3.3.

The third way accepts the **primacy of the market over the state** and rejects ‘top down’ state intervention. Neo-revisionists accept globalisation and the ‘knowledge economy’ where information and communication technologies ensure competitiveness and productivity. By endorsing a dynamic market economy and an enterprise culture to maximise wealth creation, the third way has ideological links with neoliberalism. Under New Labour, for example, the private sector became involved in the provision of public services through Private Finance Initiative (PFI) schemes and Public-Private Partnerships (PPP). This pro-market-economy stance also led neo-revisionists to downplay the socialist policy of redistributing wealth through progressive taxation.

Neo-revisionists also endorse the **value of community and moral responsibility**. Here, third-way thinking distances itself from the perceived moral and social downside of neoliberal economics – a market-driven free-for-all. New Labour attempted to resolve this tension in the late 1990s and early 2000s by linking communitarian and liberal ideas. The resulting communitarian liberalism emphasised that personal autonomy operates within a communal context based on mutual dependence and benefit, balancing rights with responsibilities. Neo-revisionist initiatives in the UK regarding welfare (see below) and parental involvement in schools reflected these assumptions.

Third-way thinking puts forward a **social model based on consensus and harmony** that clearly differs from the traditional socialist focus on class differences and inequality. Consequently, third-way advocates see no contradiction in endorsing what might be seen as opposing values or concepts. Neo-revisionists, for example, champion self-reliance and mutual dependence, and the market economy and fairness.

Third-way supporters have also shifted away from the socialist commitment to equality in order to endorse the concept of **social inclusion** (individuals can only participate fully in society by acquiring the appropriate skills, rights and opportunities). Neo-revisionists, therefore, emphasise equality of opportunity and the benefits of a meritocratic social system. The third way does not oppose great individual wealth providing it helps to improve the overall prosperity of society. Furthermore, welfare should target socially marginalised groups and provide people with the assistance they need to enable them to improve their own situation. Tony Blair, the UK Labour Prime Minister, summed up this approach as ‘a hand up, not a handout’. The neo-revisionist assumption here is that welfare support should target those who are actively seeking employment and want to be self-reliant.

The third way also takes a different view of the state’s function, with neo-revisionists promoting the concept of a **competition (or market) state** to develop the national workforce’s skills and knowledge base. With its focus on social investment, the competition state emphasises the importance of education for improving a person’s job prospects and boosting economic growth. This explains why an early New Labour government slogan was ‘Education, education, education’.

Although New Labour was electorally successful in 1997, 2001 and 2005, many socialists criticise third-way thinking for its lack of real socialist content (for example, watered down commitments to equality and redistribution of wealth). In their view, neo-revisionism was essentially a Labour rebranding exercise to make the party more attractive to middle-class voters and business interests following four consecutive general-election defeats. Growing disillusion with the Third Way approach certainly helps to explain the election of an avowedly left-wing Labour leader, Jeremy Corbyn, in 2015.

Nevertheless, third-way ideas have influenced various left-of-centre parties, including the German SPD and the South African ANC. Furthermore, under New Labour, neo-revisionism introduced important measures that promoted social justice and improved the position of the most disadvantaged in society (such as educational maintenance grants, the minimum wage and family tax credits).

#### Pause & reflect



How similar are the ideas of social democracy and the third way? Make a table that shows areas of overlap and difference.

## 3.3 Socialist thinkers and their ideas

### Karl Marx (1818–83) and Friedrich Engels (1820–95)

#### Key ideas

- Social class is central to socialism.
- Human nature is socially determined and can only be expressed under communism.

Karl Marx and Friedrich Engels are the most famous revolutionary socialists. Their works include *The Communist Manifesto* (1848) and *Capital* (1867, 1885, 1894).

For Marx and Engels, social class is central to socialism and underpins three key elements of Marxism: **historical materialism**, **dialectical change** and **revolutionary class-consciousness**.

#### Historical materialism

Historical materialism maintains that historical and social development can be explained in terms of economic and class factors. According to Marx, the economic system (such as feudalism or capitalism) powerfully influences or ‘conditions’ all other aspects of society, including its political structure, legal system, culture and religious life.

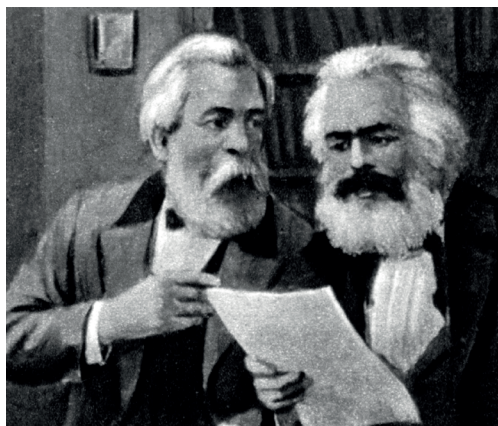
#### Dialectical change

Marx and Engels also believed that historical change is driven by the dialectic – a process of development that occurs through the conflict or struggle between two opposing forces. Marx and Engels thought that human history passes through a series of stages, each with its own economic system and class structure. Within each stage, dialectical change is propelled by the struggle between the exploiters and the exploited, such as masters and slaves (classical society), landowners and serfs (feudalism), and capitalists and workers (capitalism). This process only ends with the establishment of a communist society, free from internal contradictions, private property and class conflict.

#### Class consciousness

According to Marx and Engels, the exploited class has to acquire a revolutionary class-consciousness in order to overthrow their oppressors. For example, under capitalism, before a socialist revolution can take place the proletariat has to become a ‘class for itself’, aware of its own interests and determined to pursue them. This will happen as class conflict between the workers and the bourgeoisie intensifies, because:

- working-class interests are identical, which encourages growing solidarity
- workers concentrated in factories and cities discuss their shared experience
- capitalism erodes wage differentials between more- and less-skilled workers
- ever-deepening capitalist crises make the proletariat progressively more miserable
- workers form an increasing majority of the population.



Karl Marx and Friedrich Engels: ‘Let the ruling classes tremble at a communist revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working Men of All Countries, Unite!’

#### Key terms

##### Historic materialism

Marxist theory that the economic base (the economic system) forms the superstructure (culture, politics, law, ideology, religion, art and social consciousness).

**Dialectic** a process of development that occurs through the conflict between two opposing forces. In Marxism, class conflict creates internal contradictions within society, which drives historical change.

**Class consciousness** the self-understanding of social class that is a historical phenomenon, created out of collective struggle.

Like most socialists, Marx and Engels view humans as essentially social beings, whose behaviour and potential are influenced more by nurture than by nature. Humans are sociable, rational and co-operative, with the capacity for significant personal and social development. For Marx, the social nature of humans is self-evident: 'Almost everything a person does pre-supposes the existence of other people'. Therefore, humans are active, productive beings, capable of leading satisfying lives based on fulfilling work, where the conditions for free creative production exist. Marx maintains that these conditions do not exist under capitalism, which leads to human alienation by separating people from their true selves.

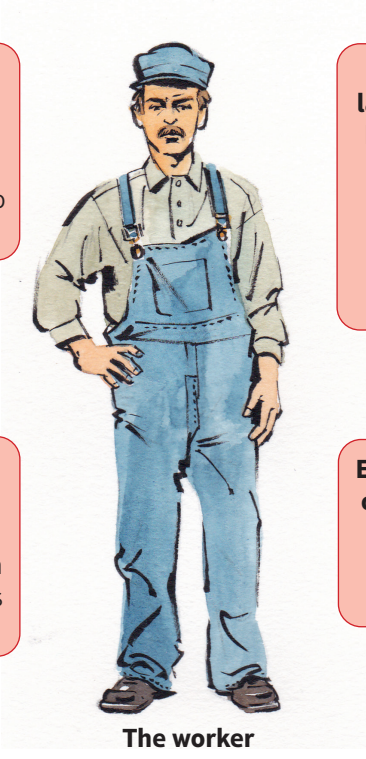
Consequently, the worker becomes a 'deformed' person, unable to realise his or her true human potential. The solution, Marx contends, is the creation of a communist society that abolishes private property, class differences, the state apparatus and divisions between mental and physical labour. Freed from such constraints, the individual can become a fully developed person, engaging in many activities rather than simply one type of employment. This self-development is encouraged by increased leisure time due to capitalist production processes being used for everyone's benefit, not for profit. An individual will experience the genuine freedom only a co-operative communist society, based on a common humanity, has to offer. Each person achieves their potential through creative work in co-operation with others. Furthermore, as labour is socially necessary and valuable in satisfying the needs of others, a meaningful worker-product relationship is re-established and alienation disappears. Over time, Marx predicts, communist social organisation will create a 'common humanity' or 'co-operative' man. His ideal of a fully free, creative and co-operative humanity stands in sharp contrast to the brutal and oppressive Marxist regimes of the 20th and 21st centuries.

**Estranged from the product of his labour**  
 Forced to sell his labour power, the worker does not own what is produced and so the product becomes 'alien'

**Does not recognise his labour as representing his human power of creative transformation**  
 The worker becomes estranged from the production process itself – from labouring

**The worker is estranged from work colleagues**  
 The competitive ethos and division of labour inherent in capitalist production isolates workers

**Estranged from his human capabilities and potential**  
 The worker is unable to freely create and enjoy beautiful things



**Figure 3.1:** Marx's four aspects of alienation under capitalism

## Beatrice Webb (1858–1943)

### Key ideas

- The ‘inevitability of gradualness’ – establishing socialism peacefully by passing democratic reforms through existing parliamentary institutions.
- The expansion of the state will deliver socialism.

The daughter of an industrialist, Beatrice Webb was an early member of the Fabian Society. With her husband, Sidney Webb, she wrote a number of pro-socialist works, including *A Constitution for the Socialist Commonwealth of Great Britain* (1920), *The Decay of Capitalist Civilisation* (1923) and *Soviet Communism: A New Civilisation?* (1935).



Beatrice Webb: ‘Nature still obstinately refuses to co-operate by making the rich people innately superior to the poor people.’

Webb rejected the Marxist theory of class struggle, endorsing the ‘inevitability of gradualness’. She thought that the new mass age of democratic politics would lead inevitably to policies to secure the interests of the working class. The move towards socialism could be speeded up by presenting reasoned arguments and painstaking research to show the efficiency of socialism compared to capitalism.

At first, Webb opposed the idea of a working-class party, focusing instead on spreading evolutionary socialist ideas among leading Liberals and Conservatives. Her attitude to suffrage was just as elitist. She thought the average voter limited, selfish and uninformed, so she rejected direct democracy and the ‘self-interested’ nature of workers’ control. Representative democracy was preferable because it would lead to a skilled governing class subject to democratic constraints.

Webb and her husband Sidney believed that the expansion of the state was critical in order to deliver socialism – the ‘economic side of democracy’. They saw the gradual growth of state power as evidence that collectivism would bring in a new socialist age. For example, local authorities were increasingly providing utilities and amenities such as gas, public transport and parks. The expanding state had ‘silently changed its character... from police power to housekeeping on a national scale’, and would ensure the peaceful emergence of socialism.

Webb emphasised that the state’s ability to deliver socialism would depend heavily on highly trained specialists and administrators to organise society and the economy. Over time, municipal and state intervention would increase as more areas of life would need to be regulated and planned. The role of the disciplined elite would be to run the state ‘to guide the mass of citizens to a Socialist State’.

Webb and her husband increasingly recognised that central state action would further the development of socialism. Webb’s participation in the Royal Commission on the Poor Law (1905–09) made her aware that problems such as unemployment had national rather than local characteristics. This belief in centralised state action, ‘rational’ planning and bureaucratic direction led them, rather naively, to endorse Stalinist Russia in the 1930s. They claimed that their interest had been stimulated by ‘the deliberate planning of all the nation’s production, distribution and exchange, not for swelling the profit of the few but for increasing the consumption of the whole community.’

**This book is a draft edition, see page ii for details**

## Rosa Luxemburg (1871–1919)

### Key ideas

- Evolutionary socialism is not possible as capitalism is based on economic exploitation.
- Struggle by the proletariat creates the class-consciousness needed to overthrow the capitalist state.

Rosa Luxemburg was a Polish Marxist and revolutionary, and was regarded as the most prominent left-wing member of the German Social Democratic Party (SPD). In a series of influential books, Luxemburg developed important critiques of evolutionary socialism and **revisionism**, and disagreed with Lenin over key features of Marxism.



Rosa Luxemburg: 'The mass strike is the first natural, impulsive form of every great revolutionary struggle of the proletariat and the more highly developed the antagonism is between capital and labour, the more effective and decisive must mass strikes become.'

In *Social Reform or Revolution* (1899) she argued that socialism could not be created gradually from within capitalism through a series of reforms. Instead it was essential for the proletariat to achieve a revolutionary conquest of political power for two key reasons.

- Any evolutionary or revisionist socialist strategy would leave the capitalist system of economic exploitation intact. Worker organisations would never be able to determine their wages or resolve the contradiction between social production and the private appropriation of wealth. Socialist parties would lose their sense of political purpose and the revolutionary instincts of the working class would be dampened.
- An evolutionary or reformist socialist strategy could never smooth away the exploitation inherent in the capitalist economy, because the contradictions and crises of capitalism made its collapse inevitable.

In *The Accumulation of Capital* (1913), Luxemburg said that the capitalist market could not absorb all the surplus value generated. By accessing less economically developed territories and markets, capitalist states effectively exported the capitalist system. Eventually, capitalism would run out of new territories and markets to exploit and the system would collapse.

Luxemburg also maintained that struggle by the proletariat for reform and democracy was essential for the creation of the worker class-consciousness that would overthrow capitalist society. In *Mass Strike, Party and Trade Unions* (1906) she argued that this consciousness would develop naturally from within the workers themselves. Proletarian discontent against state control would erupt in numerous unsuccessful and successful strikes, culminating in a spontaneous mass strike, which would radicalise the workers and bring about a socialist revolution.

Luxemburg's views brought her into direct conflict with the Bolshevik leader, Lenin. In *Organisational Questions of Social Democracy* (1904), Luxemburg rejected Lenin's argument that the workers had to be led by a small, rigidly centralised vanguard party in order to overthrow capitalism. In her view, a revolutionary party that demanded blind obedience would create an 'absolute dividing wall' between the leaders and the mass membership, preventing workers from becoming 'free and independent directors' of society under socialism.

### Link

For more on **revisionism**, see Section 3.2.





Figure 3.2: Luxemburg's mass strike

### Anthony Crosland (1918–77)

#### Key ideas

- The inherent contradictions in capitalism.
- State-managed capitalism.

Crosland was the leading post-war revisionist theorist in British socialism and had a major influence on the Labour Party. In his 1956 book, *The Future of Socialism* Crosland claimed that capitalism had radically changed and no longer resembled an economic system based on inherent contradictions, as described by Marx. Modern capitalism lacked the internal tensions to drive social change or bring about revolution.

For Crosland, this was in part due to the extension of democracy, the growth of trades unions and industrial bargaining, and the dispersal of business ownership. Decision-making in business was now in the hands of professional managers, key industries had been nationalised, and a comprehensive welfare state had been established. Now governments pursuing Keynesian economics could maintain high employment, ensure low inflation and promote continuous growth. Rather than collapsing, capitalism had produced rising living standards.

Crosland argued that the main aim of socialism now was to manage capitalism to deliver greater social equality and social justice, with more egalitarian distribution of rewards, status and privileges, and no class barriers.



Anthony Crosland: 'Marx has little or nothing to offer the contemporary socialist.'

This book is a draft edition, see page ii for details

**Crosland's four justifications for equality**

- 1 Economic efficiency – there was no clear relationship between an individual's status and rewards and the importance of their economic function.
- 2 Creation of a more communitarian society – existing inequalities created resentments, which had an adverse effect on economic progress.
- 3 The injustice of rewarding talents and abilities – these were largely due to nature and nurture, not individual responsibility.
- 4 The need for social justice – Crosland called this 'democratic equality' and argued that socialism had to move beyond equality of opportunity.

Crosland's more egalitarian society depended on high levels of government spending on welfare services and the redistribution of income and wealth. He was convinced that Keynesian demand-management of a mixed economy, with some nationalised industries within a system based mainly on private ownership, was the best way to generate sustained economic growth. Economic expansion would provide the government with funds for welfare and social spending to improve life for those at the bottom of society, while enabling the more affluent to preserve their standard of living.

Another important part of Crosland's revisionist socialism was reform of the selective state education system. He called for the development of comprehensive secondary education and the expansion of higher education, where children of all abilities and backgrounds would share similar educational experiences. As Minister for Education (1965–67), Crosland issued the famous Department of Education and Science circular 10/65, inviting all education authorities in England and Wales to submit plans for the reform of secondary education on comprehensive lines. He reportedly said to his wife: 'If it's the last thing I do I'm going to destroy every grammar school in England and Wales.'

**Anthony Giddens (1938– )****Key ideas**

- The 'third way' – a new political approach to social democracy.
- The rejection of state intervention.

Anthony Giddens, the British sociologist and social theorist, was arguably the most important intellectual figure in the development of the 'third way'. Widely seen as Tony Blair's 'favourite academic', Giddens influenced the political direction taken by the US Clinton administration and the New Labour government in the UK.

In his book, *The Third Way: The Renewal of Social Democracy* (1998), Giddens argued for a new political approach that drew on the strengths of the social democratic and neoliberal free-market traditions while avoiding their weaknesses.



Anthony Giddens: 'The new mixed economy looks... for a synergy between public and private sectors.'

Two key themes were:

- the rejection of state intervention and acceptance of the free market in the economy, with the emphasis on equality of opportunity over equality, and responsibility and community over class conflict
- the role of the state in social investment in infrastructure and education, not economic and social engineering.

According to Giddens, by the late 20th century, social democracy had to be modernised due to the impact of globalisation, the rise of the new knowledge economy and the growth of more individualistic aspirations. He argued that 'top down' state intervention was now both inefficient and ineffective. Instead, the left should 'get comfortable with the markets' because the free-market economy was not only the most efficient system of production (and economic growth would benefit everyone) but also encouraged desirable personal qualities, such as responsibility.

Giddens tempered this view by stressing that, for this market-driven system to be fair, everyone needed an equal opportunity to better themselves through their ability and effort. Nevertheless, he called for government action to control the widening inequalities of outcome that he saw as an inevitable consequence of promoting greater opportunity. In particular, he rejected the idea that the success or failure of one generation should increase or restrict the opportunities of the next. Giddens also stressed the importance of community and responsibility, partly to offset the negative effects of the free market (such as excessive materialism and competitive individualism), but also to reflect the declining importance of hierarchy and class conflict in modern Britain. Community was 'fundamental to the new politics' of the third way because it promoted social cohesion, shared values, and individual and social responsibility.

Giddens rejected the economic and social engineering that underpinned the extensive state-welfare and wealth-redistribution programmes of previous social-democratic governments. This form of state intervention, he argued, encouraged a culture of dependency, and the tax revenues required discouraged the investment and entrepreneurial effort needed to sustain a competitive economy. Instead, Giddens called for a 'social investment' state – essentially a 'contract' between the government and the citizen. The state, benefiting from the economic growth generated by the free market, had a responsibility to invest in the infrastructure of society (such as education, training, subsidised employment and expert advice) to provide better job opportunities. In return, people had a duty to take advantage of what was on offer, a responsibility to help themselves, and an obligation not to settle for a life on benefits.

#### Pause & reflect

Can you trace common themes in the work of the five thinkers you have studied? List areas of agreement and disagreement and try to find ways in which later thinkers have developed the ideas of earlier socialist theorists. In particular consider key areas such as:

- the state
- capitalism
- route to socialism.
- equality
- social class

**This book is a draft edition**, see page ii for details

**Assessment support: 1.2.3 Socialism**

Question 3 on A-Level Paper 1 gives you a choice of two 24-mark questions. Pick the question you feel most confident about and complete your answer in 34 minutes.

***To what extent do different socialists agree over the role of the state? [24 marks]***

***You must use appropriate thinkers you have studied to support your answer.***

These questions require an essay-style answer. They test all three Assessment Objectives, with 8 marks available for each. The highest level requires in-depth knowledge and understanding, supporting strong skills of analysis and evaluation. The mark scheme stresses that you must also offer a focused and justified conclusion: in this case, on the extent to which different socialists are committed to collectivism.

- Begin with a brief introduction in which you outline your argument. You need to set out a minimum of two key points on each side (agree and disagree) of the question, to develop later.
- Typically, you will write four main paragraphs – one for each major point – and round off with a conclusion.
- You are asked to review and make a substantiated judgement about the extent to which different socialists agree over the role of the state. Begin with the ‘agree’ arguments, but you must then provide balance by dealing with the ‘disagree’ arguments. Each argument should be supported with accurate and relevant evidence, such as key thinkers and policies.
- In your conclusion, review the balance between the two sides then reach a substantiated judgement. Your conclusion should not contain new factual material. Your judgement should emerge naturally from the way in which you have constructed your argument.

Here is part of a student’s answer – the conclusion.

In conclusion, most socialists call for some form of state intervention and state planning to promote collectivist goals and ensure that the distribution of goods and services is not left to the free market. Having said this, it is evident that different socialists do disagree over the role of the state. Marxists (in practice) and state socialists are committed to a centralised state that organises all or most production and distribution. Left-wing regimes organised on this basis include the former Soviet Union and present-day North Korea. Moderate socialists, in contrast, adopt more limited forms of state control (such as the nationalisation of selected industries) within the framework of a mixed economy. However, in recent decades, social democrats and Third Way adherents have downgraded the importance of the role of the state even more. For example, Neo-revisionists have rejected ‘top down’ state intervention and accepted the primacy of the free market. This shift is partly due to a growing perception that the role of the state in the UK and other developed countries (state welfare, nationalisation and government economic intervention) has fostered a dependency culture and a sluggish, uncompetitive economy. The end of the Cold War and the collapse of the Soviet Union and Eastern bloc in 1989–91 reinforced this trend as the socialist concept of state control sustained a major ideological defeat. Overall, in the late 20th and early 21st centuries, different socialists have shown less agreement over the role of the state than in post-war decades.

This conclusion is effective for the following reasons.

- It offers a substantiated and reasoned judgement that is precisely focused on the question set. In doing so, it clearly reviews the balance between the two sides of the argument.
- Using contextual factors – the perceived negative consequences of the role of the state in countries such as the UK, and the impact of the collapse of the Soviet Union and Eastern bloc – adds weight to the student’s overall judgement.
- The final sentence makes the student’s judgement explicit and uses the key terms in the question.