

Communism, Socialism & Capitalism

(including Maoism & Marxian-Leninism)

Communism

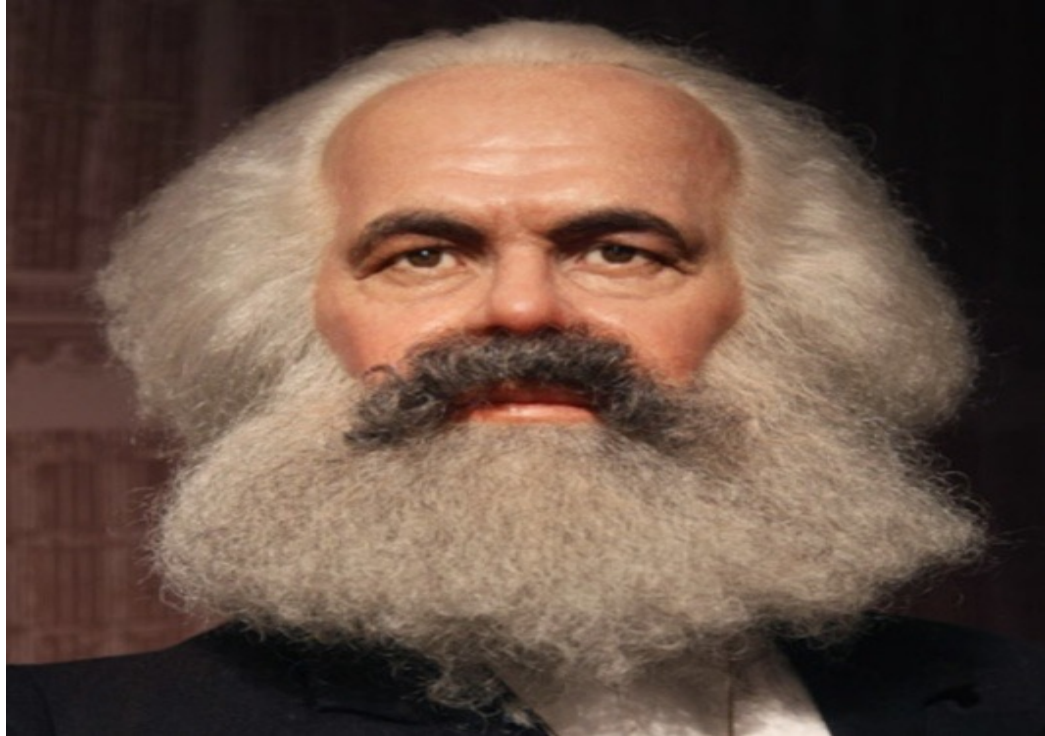


Synopsis

1. Introduction
2. Communism as a theory and Communism in Practice
3. Fundamentals of Marxism (Marxian Communism)
4. Impact of Communism

1. Introduction:

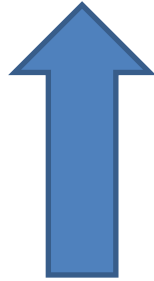
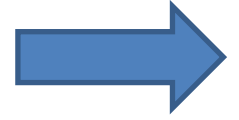
- Communism is a **political ideology** and also an **economic system**.
- As an ideology of economy & society, it was first **founded by Karl Marx (1818-84)**



■ Communism (theory)

- Communism > imagined by Marx & Engels
 - Communism-end goal
 - In a Communist society: No > Govt, money, private property
 - People-work in communal factories > produce goods which are distributed to whoever needs them
- “To each according to his ability, to each according to his need” > END OF HISTORY scenario

- Without a State and everyone of 1 class (worker) :No Wars,Revolutions,Class conflicts, Crack downs etc



REVOLUTION

- i. Bourgeoisie > making conditions of poor bad
- ii. Eliminating middle ground b/w rich capitalist & poor workers

Dictatorship of the Proletariat (Rule by workers)

- Eg. **Marx** > GBR
- Universal suffrage > Proletariat's will vote their leaders to power >
 - a. Dismantle elite privileges
 - b. Promote social ownership of means of production
 - c. Eventually dismantle the state itself when their work was done > **WITHERING AWAY OF THE STATE**

■ Communism (practice)

Communism?

- **Actual ideology** that governed **USSR**
(Later **China, Cuba, Vietnam, N.Korea, Cambodia** etc)
- More accurately known > **Marxism Leninism**-which proposes to be the **party that leads the transition** to an **eventual Communist existence**
- It intends to do this via a **single party representing the workers controlling the govt** and **centrally planning the economy** according to the needs of the people.

2. Fundamentals of Marxism (Marxian Communism) are as follows:

- 1) **Private property** is the source of all **inequality**.
- 2) **Society** is determined by **economic forces**.
- 3) Throughout **human history** (except in the beginning) **society** has been divided into **two classes**:
 - (a) One which **owns means of production** (property) and
 - (b) Other which **does not own property** (master-slave, lord-serf)

4) In **capitalist society** also there are **two classes-**

- a. The **Bourgeoisie** (Capitalists) and
- b. **Proletariat** (workers)

5) The **capitalist class exploits the working class** through

- a. Miserable working conditions
- b. Low wages
- c. Machine production
- d. Denying freedom to workers in work place &
- e. Appropriating the surplus value produced by the workers.

- 6) There will be a **gradual polarisation of society** into two warring groups.
- 7) **Workers** will be transformed into a **revolutionary class**.
- 8) **Capitalism** will give way to **Communist mode of production**
- 9) There will be an **intermediate stage** where State exists, **eventually State will wither away**.
- 10) **Internationalisation of workers' struggle** (workers of the world unite, you have nothing to lose but your chains)

6. Impact of Communism

1. **Communism** as a politico-economic system first came up in **Russia in 1917**.
 - Inspired by the Russian Revolution, **China, Vietnam and Cuba** also adopted communist path, apart from some **East European nations** (under pressure from U.S.S.R.).
2. Communism **created quite a scare in western countries** and not surprising that **Mussolini and Hitler** stayed in power promising to keep them at bay, if not suppressing them.
3. **Communism** positioned itself as a **major challenge to US led capitalist free-market system** during the Cold War era.
4. **Communist parties** came up in France, Italy and contributed to **decolonisation** and setting an **agenda for state reforms** through **land reforms, state enterprises, centralised planning** and **restricting private property**.
5. Communism provided an **alternative political space** in many **developing nations** and helped **mobilise workers, farmers, women, students and other weaker sections**.

SOCIALISM



Synopsis

1. Introduction
2. Meaning & Definition
3. Features of Socialism
4. Origins of Socialism
5. Impact of Socialism

1. Introduction

- **Traditional view:** Transitional stage b/w Capitalism and Communism
- State organizes economy and society so that there are no more capitalists
- Workers run the place
- Eventually this organization will become less and less as Communism begins

- **Socialists argue**>
 - a. **Capitalism**>disproportionate wealth in hands of **Bourgeoisie(capitalist)**>Reduces/warps efficiency of market
 - b. Socialists advocate>**Socialising means of production** ie,giving control of them to a broader portion of society.....**MEANS**>

- i. **Worker ownership**
- ii. **Work place Democracy** ie,each company becomes a small democracy
- iii. **Democratic state ownership**-**People elect the govt**,so people indirectly control means of production
- iv. **Other nuanced arrangements**-for giving people power over production.

2. Meaning & Definition

Socialism, as an alternative to Capitalism is an economic system which is **controlled and regulated by the government** so as to ensure **welfare and equality of opportunity** to the people.

"Socialism is an economic organisation of society in which the material means of production are owned by the whole community according to a general economic plan, all members being entitled to benefit from the results of such socialised planned production on the basis of equal rights."-Dickinson

3. Features of Socialism

- 1) The **means of production (LLC)** are **collectively and socially owned** and are not the property of private individuals as in capitalism.
- 2) **Economic decision** regarding the **allocation of resources** to various ends, the **goods to be produced** and the **methods of production** are taken by a **central authority** and not left to the individuals as in the capitalist economies.
- 3) The **pricing process** does not operate freely under the influence of market forces, but works under the **control of the central planning authority**.

4) **Broad objectives** of a socialist economy are to **increase the material and cultural standards of the people, to attain full employment and to achieve economic equality.**

5) **People Co-operation:**

Socialist economy is a **planned economy**. No plan can possibly succeed without the **active participation of people**.

6) **Lack of Competition:**

- The **resources** are in **government ownership**. Therefore, **government decides what, how and for whom** to produce.
- **Prices are determined by government** because **productive enterprises are state monopoly**.
- **Govt avoids all sorts of rivalries and competition among state enterprises.**
- Thus, there is **absence of competition** in a socialist economy

7) Equality of opportunity

- Socialism guarantees equality of opportunities and equal pay for equal work.
- Government does not discriminate among members of the society on the basis of caste, creed, religion and sex.
- In short, a socialist economy is not controlled and regulated by market mechanism.

It is a comprehensively planned economy.

This economy is in sharp contrast to a capitalist economy.

4. Origin of Socialism

- i. Socialist ideas originated in Europe in the 18th century as a reaction to excessive individualism, inequalities and negative consequences of the Industrial Revolution.
- ii. Socialist ideas were advocated in France by Henri Saint Simon who advocated society as one large factory where every one is contributing; he was against excess of private property.

- iii. **UK-David Owen** advocated socialist ideas like **small local collectivities** to run their own affairs.
(He experimented in his village New Lamark)
- iv. **Russia-Bukanin** put forward the idea that **workers should directly manage the means of production** through their **own association** (which in fact was the idea behind **soviet or worker councils**).
- v. **Karl Marx** made Socialism internationally well-known through his **communist ideology**

5. Impact of Socialism

Socialism has had the following impact world wide:

- a) Large number of **political parties** were set up in **Europe, Asia and South America** (with local influences & variations) ;many of them came to power in **France, Spain & Germany** etc.

Even in India, **Ram Manohar Lohia & Jaya Prakash Narayan** set up the Socialist party.

- b) **Socialism influenced legislative & executive agenda/ reform programmes** like nationalization of Industries, setting up of PSUs, redistribution of lands, encouragement to workers & farmers cooperatives and greater role for the State in economic management.
- c) **Socialism** influenced the formation and agenda of **trade unions/worker's movements**.

Pro-worker legislation, worker welfare and industrial democracy were the results.

MARXIAN LENINISM



- **ML** is the **Leninist expansion on Marxian theory**.
- Lenin wrote a few **books** where he described his **contributions** and his **theoretical improvements** to the **Marxist theory**.

➤ **Books**

- 1) What is to be done?
- 2) State and Revolution
- 3) Imperialism-The highest stage of Capitalism
- 4) The Proletarian revolution and Renegade Kautsky
- 5) The Right of Nations to Self-Determination

Basic Points of Marxian Leninism

- 1) Vanguard Party
- 2) Democratic Centralism within the Revolution
- 3) Socialism in one country
- 4) Lenin's Analysis of Modern Imperialism
- 5) 'Right of nations to self-determination'

1) Vanguard Party

- It is an **essential organisation of workers and peasants** who are well versed in Communism, Socialism and have a good idea of how to lead a revolution. Their **job is to guide the masses through the revolution**.
- **VP** relies on the support of the masses and does not gain any power on its own.
- Its job is to guide the masses
- And Lenin enforces this through a theory he calls **‘Democratic Centralism’**.

2) Democratic Centralism within the Revolution:

- Members of the Vanguard and members of the revolutionary movement are allowed to express their opinions/concerns until the entire party and the entire revolutionary movement has agreed on a consensus of what needs to be done.
- After this consensus has been made, those who had expressed different opinions beforehand are still allowed to hold the opinions that they held. But they are not allowed to diverge or deviate from what has been established through consensus.

- **DC** was extremely important because it held the revolution together, held the masses together and allowed the revolution to stay strong and prevented division and separation caused by external influences.
- **Lenin** follows **Marxist theory of Dictatorship of class** where each socio-economic society is controlled entirely by **1 class**.
Eg. **Feudalism**-Dictatorship of the Aristocracy
Capitalism-Dictatorship of the Bourgeoisie
Socialism-Dictatorship of the Proletariat (working class)

- Lenin, like Marx, believes that the only way you can actually transfer the Dictatorship from one class to another is through a revolution that overthrows the previous establishment.
- Once previous establishment is overthrown, one can establish the Dictatorship of the Proletariat ie, workers and peasants have direct control over the state.
- A pragmatic way to establish the above was the Soviet system as brought about by Lenin.

- ‘Soviet’-Council (and in the context of Socialism, a worker council)
- Local Soviet>Regional>Supreme
- Lenin (just as it was in the revolution)also wanted to enforce Democratic Centralism within the State meaning, the same rules apply regarding the general consensus and deviation from the general consensus. Therefore, Lenin banned Factionalism as he did not want parts of the party to deviate and split the party

- During the revolution, Lenin's model was **Peace, Bread and Land**.
- **Russia**-was still a **semi-feudal state** and had **not gone through the capitalist transition**. Hence, Lenin could not immediately implement Socialism. So, he came up with the **NEP**.
- **NEP** aimed to have a **quick and temporary capitalist transition** under the supervision of the **Dictatorship of the Proletariat**
- NEP estd '**State Capitalism**' within the nation until it was ready for a legitimate socialist transition.
- **1928**: Stalin abolished the NEP and inaugurated 5 yr plans.

3) Socialism in one country

- It was mostly **pushed by Stalin**(Lenin);Trotsky-Permanent Revolution
- It is a **belief** that **to spread Socialism globally, one has to work at home first**, make sure that the nation is stable before we can work on spreading socialism throughout the world.
- **Permanent Revolution**-promotes **constant warfare** against liberal establishment internationally
- **ML-more realistic**, because if we are constantly fighting, nations are not going to be stable and that is going to **destabilize the entire socialist movement as a whole**.

4) Lenin's Analysis of Modern Imperialism:

- Marx and Engels > Classical Colonialism.
- Imperialism is not just about conquering foreign lands. It is about economic activity, about global monopoly capitalism which did not exist in the time of Marx.
- It's about Capitalism developing within a given country to such an extent that it needs to start expanding abroad. So capitalists feel that to get the maximum profit, they need to

invest abroad, ship jobs overseas to cheaper countries, getting access to cheaper raw materials, markets and foreign labour.

- Capitalism constantly needs growth and part of that is getting access to more untapped markets.

5) 'Right of nations to self-determination'

- Russia was called the 'prison house of nations' because it was a conglomeration of different ethnic groups who were all subjugated by Russia.
- Lenin and Stalin formulated the Bolshevik theory on the national question ie, the 'Right of Nations to self-determination'.
- Marx and Engels-supported national liberation, anti-colonial struggles.

- **Lenin and Stalin** brought this to a **new level** and put it into practise more.
- Lenin dealt with the **question of oppressed nationalities** (including ethnic nationalities) ie, struggle to **liberate the colonies**.

□ Conclusion:

- Leninism not only restored militancy and revolutionary character to Marxism. But he further developed it.
- Leninism is Marxism of the era of Imperialism and the Proletarian revolution.
- Marx and Engels pursued their activities in the pre-revolutionary period
- Lenin pursued his activity in the era of Developed Imperialism, in the period of the unfolding proletarian revolution. So, Leninism had the analysis of Imperialism.

- Thus, Leninism is
 - a. the **theory and tactics** of the **Proletarian revolution** in general &
 - b. the **theory and tactics** of the **Dictatorship of the Proletariat** in particular.

Thus, Marxian Leninism includes

- 1) Vanguard Party
- 2) Democratic Centralism within the Revolution
- 3) Socialism in one country
- 4) Lenin's Analysis of Modern Imperialism
- 5) 'Right of nations to self-determination'

MAOISM



- Maoism is both a **departure and a continuation** of Marxism-Leninism.
- Maoism can be summed up in **5 points**

- 1) New Democracy
- 2) Cultural Revolution
- 3) The Law of Contradiction(s)
- 4) Mass Line
- 5) Protracted People's War

1) New Democracy

- Is basically laying the **foundations for a socialist society** and **restructuring the old society into the new.**
- The most important part of New Democracy is that **several classes are working together** to **defy the old order and establish a new one.**

2) Cultural Revolution

- More or less does what the New Democracy does socially.
- It **acknowledges** that the **divide between the Bourgeoisie and Proletariat** does not simply disappear after the revolution but survives socially and therefore, **unity comes through the combined struggle** of various other classes.
- So not only **bourgeoisie survives after the revolution** but so does their **ideological domination**.

- So, even after the successful revolution the class struggle continues for the proletariat.
- Proletariat needs to build the new ideological structure of society in their image.



If there were no contradictions and no struggle, there would be no world, no process, no life, and there would be nothing at all.

— Mao Zedong —

3) The Law of Contradiction:

Things are:

a. The way that they look

&

b. The way that they are

sometimes, these 2 things are in conflict

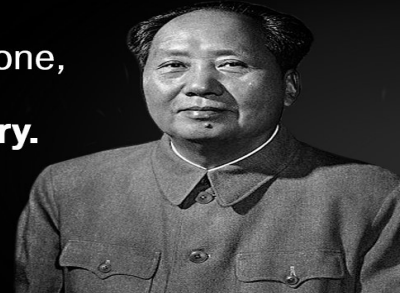
- Eg. How USA appears to be a **Democracy** but actually is an **Aristocracy** or how you cannot tell the difference b/w **Chapattis** and **Phulkas** or **Hyderabadi biriyani** and **Lucknow biriyani** until you taste them.

- According to Mao, the **other does not exist in the objective world**, but the **material conditions to set it up exist**.
- **Eg. Water fall** exists in the natural world. But only when an opposite is created ie, a **Dam**, that energy can be created to generate electricity.
- **Things are always struggling in contradiction**. But this **struggle creates unity** which also creates **struggle** and **unity** again and struggle again and so on and on.



The **people**, and the people alone,
are the **motive force**
in the making of **world history**.

– Mao Zedong



4) Mass Line:

- The **party leaders** take their **cue from the masses**.
- Imagine the leaders are holding a **Giant Suggestion Box** and everyone can put all the suggestions they want inside. Suggestions can also be **general complaints** and things that need to be fixed. And the **party** goes and **decides on a good solution** and **brings the ideas of the people back to them in practice**. And then **people** decide whether it was a good thing or bad thing, how it could be reformed and so on.

- The idea of Mass Line is that **people should have all the power**. Leaders just carry out the actions. They are not above the people in any way. Infact, the opposite is true.

5) Protracted People's War:

- It is a **3 stage method** of waging war on the old order consisting of:

- Strategic Defence
- Strategic Equilibrium
- Strategic Offense

OR

They are winning

We are tied

We are up by 10 points

- Also there are **3 magic weapons:**
 - i. Party
 - ii. United Front
 - iii. People's Army
- All 3 are leading the struggle against the State and Capitalism
- PPW also takes **different forms everywhere** it is practised because no 2 situations are the same.

- PPW is the **anti-thesis** of conventional military tactics. Generally in war the aim is to demoralise the enemy asp. But in PPW the aim is to keep the **morale high** enough to sustain a long revolution, actually **several long revolutions**, long enough for victory.



"War can only be abolished through war, and in order to get rid of the gun it is necessary to take up the gun."

Mao Zedong



A revolution is not a dinner party, or writing an essay, or painting a picture, or doing embroidery. It cannot be so refined, so leisurely and gentle, so temperate, kind, courteous, restrained and magnanimous. A revolution is an insurrection, an act of violence by which one class overthrows another.

— *Mao Zedong* —

Thus, Maoism is

- 1) New Democracy
- 2) Cultural Revolution
- 3) The Law of Contradiction(s)
- 4) Mass Line
- 5) Protracted People's War



CAPITALISM

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Synopsis

1. Meaning and Definition
2. Sources of Capitalism & Factors that aided the rise of Capitalism
3. Features of Capitalism
4. Types of Capitalism
5. Consequences of Capitalism

1. Meaning & Definition:

Capitalism is an **economic system** that came into being **at or simultaneously along** the time of the **Industrial Revolution**.

- Capitalism can be defined as **that form of economy** in which
 - i. The **means of production** are **privately owned** and **privately controlled**
 - ii. **Labour power** is purchased by the payment of **money wages** by the owners of capital (**Capitalists**)

- iii. The **goal of production** is the making of **profit** by the sale of commodities in a competitive free market
- iv. **Profit** is **appropriated** by the **owners of capital**
- v. The system is **inherently dynamic**, given its basis in the competitive accumulation of capital.

2. Sources of Capitalism & Factors that aided the rise of Capitalism

i. Mercantilism

- 1400's-1700's
- More of exports, less imports
- High tariffs on imported goods > cost more at home
- Financial aid to local farms/industries > lower price of exports
- Inflow of gold, silver > Asia, S. America to Europe > this wealth one source of later investments needed by Capitalism

ii. Putting Out System

- Developed in England before IR
 - **Middleman or Burger**-raw materials>home based workers>One type of commodity production for markets (eg.cotton>textiles)
- iii. **Conquest of colonies** helped capitalism>colonies provided raw materials, markets for finished goods
- iv. **IR**>boost to capitalism; **huge funds**-investments in machines and transportation of finished goods over long distances by sea/rail/road.

- v) **Other factors** that gave a fillip to Capitalism
 - a) Extensive monetary systems (banks, money markets)
 - b) Network of markets
 - c) Free labour
 - d) Growth of population
 - e) Spirit of enterprise and
 - f) Private property

3. Features of Capitalism

- i. Private ownership and/or control of the means of production.
- ii. A rational organization of production
- iii. Maximizing productive efficiency through division of labour, task specialization, incentive-systems and constant innovation in production methodologies
- iv. Corporatisation of production: production is organised by conglomerates/companies-national & transnational

v. Production for markets-domestic and global

vi. Maximization of profits

vii. Competition

viii. Mobility of factors of production i.e.,

Land,labour,managerial talent and funds flow where returns are high unless specifically prohibited by the State

(for example in India govt does not encourage fund flows into lotteries)

ix. **Freedom of enterprise:**

Entrepreneurs have the **freedom** within broad limits imposed by the state to venture into sectors where **profits are rewarding/high**

x. **Minimal state intervention:**

Though these days almost all States have laid down regulations/rules governing running of enterprises (corporate governance norms/laws)

xi. **Price mechanism:**

Price is not just a question of **demand and supply factors**; there are **margins and returns for the entrepreneur**; this is a **negative feature** as **prices may be fixed/manipulated** without relation to cost of production.

4.Types of Capitalism

i. **Booty Capitalism:**

- First used in relation to **Philippines**
- An **economic system** where **public resources** (state funds, bank loans & Offices etc.) are **used for private gain** specially by those who are from the **same social/class ethnic group/class** as the ruling class or/and closely related to the rulers.

ii. **Crony Capitalism:**

- Capitalist system where **success in business/enterprise is linked to one's contacts** with the **decision makers, ruling class and top bureaucrats**.
- This is seen in awarding **lucrative contracts, permits, concessions, tax-breaks** and **civil servant - politician-contractor nexus**

iii. **Casino Capitalism:**

- Capitalism characterised by **high-risk and highly-unstable investment instruments** (like equities) due to **highly diversified, complex and developed financial markets** driven by speculation and manipulation.
- This situation may lead to crises (like the **U.S Sub-prime Crisis in 2008**)

iv. **Advanced Capitalism:**

- Karl Marx proposed this type
- This is a **stage** in the growth of capitalism marked by **cut throat competition**, increasing tendency towards **crises/crashes** and **increasing class divisions**.

v. **State Capitalism:**

- Some scholars prefer to use this term to the **Soviet system of economy**(former USSR)where **State run enterprises** dominated production /distribution /exchange
- State replaced capitalists
- **Planning** all aspects of economy was concentrated in the hands of **State officials**
- **Others** prefer to use the term to economies where the **State retains overall direction & concentration of capital in its hands** (at least in major sectors (eg-PSUs))

5. Consequences of Capitalism

- i. Capitalism set off a **race among industrial nations** (UK, France, Germany, & Japan etc.) for **markets, finished goods** and **sources for raw materials**.
- This race led to **intensified colonialism and imperialism** (eg.. Japan's occupation of Korea, Scramble for Africa among European nations) **and wars**.
- ii. Capitalism gave rise to huge **inequalities** b/w **nations**, b/w **classes** within a country, within **regions** in the same country.

iii. Capitalism also **encouraged consumerism**.

- People have to **constantly buy** (consumer goods, durables, luxury goods) so that **demand is maintained** for production and corporates are kept going.
- **Consumption** has gone beyond the purpose of satisfaction of wants-it has become **compulsive, status-seeking and identity-determining**.

iv. Capitalism promoted **greater globalization**.

○ **Three** important **off-shoots of capitalism** have greatly enhanced globalisation in the 20th century. These are

(a) MNCs

(b) Financial services and

(c) IT

- v. Capitalism has also led to **cycles of Recession & Depression** (as seen in 2008-09) and **economic crises** due to its speculative nature.
 - This has led many including advocates of free market enterprise to **call for** some kind of **regulated or modified capitalism**.
- vi. Capitalism has led to **over-exploitation of resources** of the planet like **fossil fuels and minerals**.
 - Most capitalist nations follow **high-energy driven models** of economic development.

vii. Capitalism has led to what some political scientists call **Neo-Colonialism**.

- Neo-colonialism has the following meanings
 - a) The **attempt by former colonial powers** to **retain political and economic dominance over former colonies** which have achieved formal political independence.
 - b) More generally, the process whereby **advanced industrial countries dominate 3rd world countries** regardless of whether colonial relationship previously existed.

- Taking off from the above point, **capitalism** (according to some) **has replaced Imperialism** as today's world system.
- This system is divided into a '**core**' consisting of **advanced nations** and a '**periphery**' consisting of **developing nations**.
- The core exploits the periphery by **controlling** **multi-lateral aid bodies, trade institutions, technology, financial markets** of the developing nations and influencing their policies etc

- viii. **Capitalism prompted Cold War** after WW II.
- The **capitalist/free market economic system** was contrasted in opposition to the **communist/state controlled command economy** systems.
 - On the **Positive side**, it must be admitted that the **free enterprise spirit** characteristic of capitalism has resulted in **improvement in quality of life** (**not for all though**) in terms of daily life, travel, entertainment, medicines and communication.

END