

STUDY UNIT 4

Chapter 9

The nature of the various types of socialism, their differences and similarities

(P67 56)

All forms of socialism are concerned with the poverty and powerlessness of the working class and the wealth and power of the business class.

Their differences are centred around the following:

Is the state part of the problem or part of the solution?

Is the problem caused by the evil people or the evil system?

Is the problem solved by a radical overthrow of the old order or by gradually reforming it?

Are the interests of workers and business owners naturally conflicting, or are they potentially reconcilable?

Their commonalities are:

Rejection of classical view about harmony of interest between classes of society

Rejection of classical concept of laissez-faire

Rejection of classical idea of Say's Law (markets are inherently unstable)

Perfectibility of people given the right social system; with the right system, people will become good

Need for some kind of collective action or state ownership

An alternative classification of types of socialism:



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opinionated

An alternative classification of types of socialism: ^{opinionated} dogmatic state socialism (collectivism), ^{sensible/efficient} pragmatic state socialism, interventionist socialism, ~~worker participation socialism~~ and welfare state socialism

① Dogmatic state socialism (collectivism)

This type of socialism regards private ownership of business firms as the root of the problem. For this reason, collectivism advocates the complete cancellation of private property in the means of production. All business enterprises are to be nationalised. No private business is to be allowed at all.

② Pragmatic state socialism

This type of socialism doesn't insist on private ownership of business firms being the root problem with capitalism. Pragmatic state socialism allows some (smaller) business enterprises to remain in private hands. In order to curtail the power of private business and to pursue social ends, it wishes to nationalise some key, strategic industries, like mining, transport and communication.

③ Interventionist socialism

This type of socialism does not seek to tackle the problem of capitalism at the level of ownership forms or the power to manage. For interventionist socialism, it does not matter whether firms are privately or publicly owned, worker-managed or owner managed. What matters is that the state institutes laws which forbid certain behaviours on the part of business firms, to protect the interests of workers and consumers. Unions fall into this category of socialism. It is due to interventionist legislation that firms are obliged to negotiate with unions in decisions affecting the interest of workers.

④ Workers participation socialism

With this type of socialism, workers should have a significant say in the running of the firm, which can happen when (i) the firm is mainly managed as well as owned by workers or (ii) the firm is mainly managed but not mainly owned by workers. (i) Conflicts - liberal free movement



Socialism

⑤ Welfare state

For this type of socialism, it does not matter whether firms are privately or publicly owned, or whether workers have a significant say in its management or not. Welfare statism merely advocates that the state tax the profit and the incomes generated by business enterprises for finance programmes to reduce poverty and inequality.

The nature of collectivism and why it leads to state absolutism.

The only uncompromising form of socialism is collectivism because it is naturally opposing towards the private ownership of productive resources and therefore, irreconcilable with any degree of laissez-faire.



Why collectivism tolerates no unions and no worker participation

Workers do not generally have the capital to acquire ownership so it must be given to them for free. And when ownership is given for free, it is usually not appreciated and will therefore not be carefully managed. Such firms tend to lose money and eventually go bust fairly quickly. Should workers get decision ^{making} power without ownership, workers will not personally carry the consequences of their decisions; Profits when things go well and, importantly, the losses when things go wrong. The firm is also likely to be less carefully managed.

Types of Socialism

Utopian Socialism: They developed their ideas at a time when the industrial workers were still weak and unorganized, demoralized by the rapid changes of the industrial revolution, deprived of the franchise, and not yet aware of their latent power. The utopian socialists regarded the competitive market economy as ~~unjust~~ unjust and irrational.

- Voluntary solidarity

State Socialism: Involves government ownership and operation of all or specific sectors of the economy for purposes of achieving overall social objectives rather than profit.

- State ownership of most or all of the productive resources

Christian socialism: It arose after the defeat of radical movements in England and Germany. The workers were offered the solace of religion to assuage their pain and to provide hope.

- Mutual love and fellowship rather than class struggle

Anarchism: - No private property and no government
- Voluntary cooperation in small communities



Marxian socialism: Class struggle, exploitation of labour by capital and
nationalisation

Communism: Marx's vision of the utopia that supersedes Marxian Socialism: no
private property, no money and no government (anarchism)

Revisionism: - No antagonism between classes
- State is necessary to promote the common good

Syndicalism: Anti-parliamentarian (anti-representative democracy); anti-militarism (pacifism)
- Overthrow government through mass action
- Establish independent, worker managed businesses; otherwise → anarchistic

Guild Socialism: - Firms must be managed by workers organised as industrial guilds;
industrial democracy
- State necessary to protect interests of workers as consumers + set
overall economic policies.

Whom did socialism Benefit or Seek to Benefit?

The more moderate groups (utopian, Christian and guild socialists) claimed to represent
everybody's interests, with primary emphasis on the needs and interests of workers.

They did serve the workers by arousing the consciences of society and inspiring middle
class reformers, thereby promoting reform legislation

The more extreme socialist groups (Marxist, anarchist and syndicalists) proclaimed
class warfare against the rich. Their sole aim was to promote the interests of the ~~workers~~
working class.



How was Socialism valid, useful or Correct in its time?

Workers had legitimate grievances against laissez-faire capitalism as it developed in its early decades.

Socialism played a historically useful role by promoting factory acts, sanitary reform, cooperative associations, workers compensation laws, unions, pensions etc

Which tenets of socialism Became lasting contributions?

Many of the tenets of socialism have not stood the test of time. The reorganization of society along socialist lines had not brought about the hoped-for new flowering of freedom, increased collective activity for the common good, better standards of morality and justice, greater security for the individual and subsequent cultural renaissance.

The socialist tenets have proved to present formidable problems in implementation. How does a society create a more equal distribution of income without hindering the incentives that led to the production of output (and therefore the income itself)?

The validity and usefulness of economic theories must ultimately be judged not by the degree of passion that they generate but rather by careful intellectual inspection and accumulate evidence, which neither have been kind to totalitarian Marxism in particular.

Early socialists had not necessarily failed to make lasting contributions to the development of economic thought. In fact, they contributed in several important ways. First, these thinkers developed the foundation of contemporary socialist economic thought, which emphasizes state ownership of the means of production together with national planning and coordination. Many nations are still guided by democratic socialist aspirations. Second, several of the policy recommendations made by the socialists are now institutionalised within capital nations. Many of today's social programmes were advocated in some form by the socialists and violently opposed by most supporters of classical economics. Third, their emphasis on and analysis of the growth of monopoly power, the problem of income distribution, and the reality of business cycle. This emphasis and analysis forced a reassessment of basic assumptions and accepted theories within the economics profession.