**Socialism**

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**Socialism** refers to various theories of economic organization advocating public or direct worker ownership and administration of the [means of production](http://en.wikipedia.org/wiki/Means_of_production) and allocation of resources, and a society characterized by equal access to [resources](http://en.wikipedia.org/wiki/Resources) for all individuals with a method of compensation based on the amount of labor expended.

Most socialists share the view that [capitalism](http://en.wikipedia.org/wiki/Capitalism) unfairly concentrates power and wealth among a small segment of society that controls [capital](http://en.wikipedia.org/wiki/Capital_(economics)) and derives its wealth through [exploitation](http://en.wikipedia.org/wiki/Exploitation), creates an [unequal](http://en.wikipedia.org/wiki/Social_equality) society, does not provide equal opportunities for everyone to maximize their potentialities and does not utilize technology and resources to their maximum potential nor in the interests of the public.

[Friedrich Engels](http://en.wikipedia.org/wiki/Friedrich_Engels), one of the founders of modern socialist theory, and [Henri de Saint-Simon](http://en.wikipedia.org/wiki/Henri_de_Saint-Simon), a French [Utopian Socialism](http://en.wikipedia.org/wiki/Utopian_Socialism) theorist, advocated the creation of a society that allows for the widespread application of modern technology to rationalize economic activity by eliminating the anarchy in production of capitalism. This would allow for wealth and power to be distributed based on the [amount of work expended in production](http://en.wikipedia.org/wiki/To_each_according_to_his_contribution), although there is disagreement among socialists over how and to what extent this could be achieved.

Socialism is not a concrete philosophy of fixed doctrine and program; its branches advocate a degree of [social interventionism](http://en.wikipedia.org/wiki/Social_interventionism) and economic rationalization (usually in the form of economic planning), but sometimes oppose each other. A dividing feature of the socialist movement is the split between [reformists](http://en.wikipedia.org/wiki/Reformism) and [revolutionaries](http://en.wikipedia.org/wiki/Revolutionary_socialism) on how a socialist economy should be established. Some socialists advocate complete [nationalization](http://en.wikipedia.org/wiki/Nationalisation) of the means of production, distribution, and exchange; others advocate [state control](http://en.wikipedia.org/wiki/State_ownership) of capital within the framework of a market economy.

Socialists inspired by the [Soviet model of economic development](http://en.wikipedia.org/wiki/Economy_of_the_Soviet_Union) have advocated the creation of [centrally planned economies](http://en.wikipedia.org/wiki/Planned_economy) directed by a state that owns all the means of production. Others, including Yugoslavian, Hungarian, German and Chinese Communists in the 1970s and 1980s, instituted various forms of [market socialism](http://en.wikipedia.org/wiki/Market_socialism), combining co-operative and state ownership models with the free market [exchange](http://en.wikipedia.org/wiki/Trade) and [free price system](http://en.wikipedia.org/wiki/Free_price_system) (but not free prices for the means of production). Modern [Social democrats](http://en.wikipedia.org/wiki/Social_democracy) propose selective nationalization of key national industries in [mixed economies](http://en.wikipedia.org/wiki/Mixed_economy), while maintaining private ownership of capital and private business enterprise. (In the 19th and early 20th century the term was used to refer to those who wanted to completely replace capitalism with socialism through reform.) Modern social democrats also promote tax-funded welfare programs and regulation of markets; many, particularly in European [welfare states](http://en.wikipedia.org/wiki/Welfare_state), refer to themselves as socialists, despite holding pro-capitalist viewpoints, thus adding ambiguity to the meaning of the term "socialist". [Libertarian socialism](http://en.wikipedia.org/wiki/Libertarian_socialism) (including [social anarchism](http://en.wikipedia.org/wiki/Social_anarchism) and [libertarian Marxism](http://en.wikipedia.org/wiki/Libertarian_Marxism)) rejects state control and ownership of the economy altogether and advocates direct collective ownership of the means of production via co-operative [workers' councils](http://en.wikipedia.org/wiki/Workers%27_councils) and [workplace democracy](http://en.wikipedia.org/wiki/Workplace_democracy).

Modern socialism originated in the late 18th-century intellectual and [working class](http://en.wikipedia.org/wiki/Working_class) [political movement](http://en.wikipedia.org/wiki/Political_movement) that criticized the effects of industrialization and [private ownership](http://en.wikipedia.org/wiki/Private_enterprise) on society. The [utopian socialists](http://en.wikipedia.org/wiki/Utopian_socialism), including [Robert Owen](http://en.wikipedia.org/wiki/Robert_Owen) (1771–1858), tried to found self-sustaining communes by secession from a [capitalist](http://en.wikipedia.org/wiki/Capitalism) society. [Henri de Saint Simon](http://en.wikipedia.org/wiki/Henri_de_Saint_Simon) (1760–1825), the first individual to coin the term *socialism*, was the original thinker who advocated [technocracy](http://en.wikipedia.org/wiki/Technocracy_(bureaucratic)) and industrial planning. The first socialists predicted a world improved by harnessing technology and combining it with better social organization, and many contemporary socialists share this belief. Early socialist thinkers tended to favor an authentic [meritocracy](http://en.wikipedia.org/wiki/Meritocracy) combined with rational social planning, while many modern socialists have a more egalitarian approach.

[Vladimir Lenin](http://en.wikipedia.org/wiki/Vladimir_Lenin), drawing on [Karl Marx](http://en.wikipedia.org/wiki/Karl_Marx)'s ideas of "lower" and "upper" stages of socialism defined "socialism" as a transitional stage between capitalism and [communism](http://en.wikipedia.org/wiki/Communism).

**Origins**

The English word *socialism* (1839) derives from the French *socialisme* (1832), the mainstream introduction of which usage is attributed, in France, to [Pierre Leroux](http://en.wikipedia.org/wiki/Pierre_Leroux), and to [Marie Roch Louis Reybaud](http://en.wikipedia.org/wiki/Marie_Roch_Louis_Reybaud); and in Britain to [Robert Owen](http://en.wikipedia.org/wiki/Robert_Owen) in 1827, father of the [cooperative movement](http://en.wikipedia.org/wiki/Cooperative_movement). Although socialist models and ideas espousing common ownership have existed since antiquity with the classical Greek philosophers Plato and Aristotle, the modern concept of socialism evolved in response to the development of industrial capitalism. Early socialism was seen as an extension of classical liberalism by extending liberty and rights to the industrial economic aspect of life, so that these values were compatible with the then-emerging industrial society.

The first advocates of socialism favored social levelling in order to create a meritocratic or technocratic society based upon individual talent. Count [Henri de Saint-Simon](http://en.wikipedia.org/wiki/Henri_de_Saint-Simon) is regarded as the first individual to coin the term *socialism*. Simon was fascinated by the enormous potential of science and technology and advocated a socialist society that would eliminate the disorderly aspects of capitalism and would be based upon equal opportunities. He advocated the creation of a society in which each person was ranked according to his or her capacities and rewarded according to his or her work.

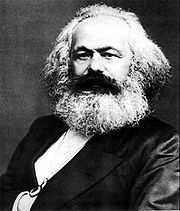
This was accompanied by a desire to implement a rationally-organized economy based on planning and geared towards large-scale scientific and material progress, and thus embodied a desire for a more directed or [planned economy](http://en.wikipedia.org/wiki/Planned_economy). Other early socialist thinkers, such as Thomas Hodgkin and Charles Hall, based their ideas on [David Ricardo](http://en.wikipedia.org/wiki/David_Ricardo)'s economic theories. They reasoned that the equilibrium value of commodities approximated to prices charged by the producer when those commodities were in elastic supply, and that these producer prices corresponded to the embodied labor — the cost of the labor (essentially the wages paid) that was required to produce the commodities. The Ricardian socialists viewed profit, interest and rent as deductions from this exchange-value.

West European social critics, including [Robert Owen](http://en.wikipedia.org/wiki/Robert_Owen), [Charles Fourier](http://en.wikipedia.org/wiki/Charles_Fourier), [Pierre-Joseph Proudhon](http://en.wikipedia.org/wiki/Pierre-Joseph_Proudhon), [Louis Blanc](http://en.wikipedia.org/wiki/Louis_Blanc), [Charles Hall](http://en.wikipedia.org/wiki/Charles_Hall_(economist)) and [Saint-Simon](http://en.wikipedia.org/wiki/Claude_Henri_de_Rouvroy,_Comte_de_Saint-Simon), were the first modern socialists who criticized the excessive poverty and inequality of the [Industrial Revolution](http://en.wikipedia.org/wiki/Industrial_Revolution). They advocated reform, with some such as Robert Owen advocating the transformation of society to small communities without private property.

Linguistically, the contemporary connotation of the words *socialism* and *communism* accorded with the adherents' and opponents' cultural attitude towards religion. In Christian Europe, of the two, communism was believed the [atheist](http://en.wikipedia.org/wiki/Atheism) way of life. In Protestant England, the word *communism* was too culturally and aurally close to the Roman Catholic [*communion rite*](http://en.wikipedia.org/wiki/Mass_(liturgy)#The_Communion_Rite), hence English atheists denoted themselves socialists.

[Friedrich Engels](http://en.wikipedia.org/wiki/Friedrich_Engels) argued that in 1848, at the time when the [Communist Manifesto](http://en.wikipedia.org/wiki/Communist_Manifesto) was published, "socialism was respectable on the continent, while communism was not." The [Owenites](http://en.wikipedia.org/wiki/Owenites) in England and the [Fourierists](http://en.wikipedia.org/wiki/Fourierists) in France were considered "respectable" socialists, while working-class movements that "proclaimed the necessity of total social change" denoted themselves communists. This latter branch of socialism produced the communist work of [Étienne Cabet](http://en.wikipedia.org/wiki/%C3%89tienne_Cabet) in France and [Wilhelm Weitling](http://en.wikipedia.org/wiki/Wilhelm_Weitling) in Germany.

**Socialism in Marxist Theory**



[Karl Marx](http://en.wikipedia.org/wiki/Karl_Marx)

The [Marxist](http://en.wikipedia.org/wiki/Marxist) conception of socialism is that of a specific historical phase that will displace capitalism and be a precursor to communism. The major characteristics of socialism (particularly as conceived by Marx and Engels after the [Paris Commune](http://en.wikipedia.org/wiki/Paris_Commune) of 1871), are that the proletariat will control the means of production through a [workers' state](http://en.wikipedia.org/wiki/Socialist_state) erected by the workers in their interests. Economic activity is still organized through the use of incentive systems and social classes would still exist but to a lesser and diminishing extent than under capitalism.

For orthodox Marxists, socialism is the lower stage of communism based on the principle of "[from each according to his ability, to each according to his contribution](http://en.wikipedia.org/wiki/To_each_according_to_his_contribution)" while upper stage communism is based on the principle of "[from each according to his ability, to each according to his need](http://en.wikipedia.org/wiki/From_each_according_to_his_ability,_to_each_according_to_his_need)"; the upper stage becoming possible only after the socialist stage further develops economic efficiency and the automation of production has led to a superabundance of goods and services.

**First International**



Socialists made varying interpretations of [The Communist Manifesto](http://en.wikipedia.org/wiki/The_Communist_Manifesto).

In 1864, the [International Workingmen's Association](http://en.wikipedia.org/wiki/International_Workingmen%27s_Association) (IWA) – the First International  – was founded in London. Londoner Victor le Lubez, a French radical republican, invited [Karl Marx](http://en.wikipedia.org/wiki/Karl_Marx) to participate as a representative of German workers. In 1865, the IWA had its preliminary conference, and its first congress, at Geneva, in 1866. Karl Marx was a member of the committee; he and Johann Georg Eccarius, a London tailor, were the two mainstays of the International, from its inception to its end; the [First International](http://en.wikipedia.org/wiki/First_International) was the premiere international forum promulgating socialism.

In 1869, under the influence of Marx and Engels, the [Social Democratic Workers' Party of Germany](http://en.wikipedia.org/wiki/Social_Democratic_Workers%27_Party_of_Germany) was founded. In 1875, the SDW Party merged with the [General German Workers' Association](http://en.wikipedia.org/wiki/General_German_Workers%27_Association), of [Ferdinand Lassalle](http://en.wikipedia.org/wiki/Ferdinand_Lassalle), metamorphosing to the contemporary [German Social Democratic Party](http://en.wikipedia.org/wiki/German_Social_Democratic_Party) (SPD). The SPD founded and constituted trade unions in Germany in the 1870s and in Austria, France, and other countries, socialist parties and anarchists did like-wise.

Socialists supported and advocated many branches of Socialism – the gradualism of trade unions, the radical revolution of Marx and Engels who emphasized a worker's state and central democratic planning of production, and the anarchists/libertarian socialists who emphasized direct worker control and local power – all co-existing, with Marxism becoming the most influential ideology in the form of Social Democracy on the continent of Europe. The anarchists, led by the [Mikhail Bakunin](http://en.wikipedia.org/wiki/Mikhail_Bakunin), believed that capitalism and the state are inseparable and neither can be abolished without abolishing the other.

In 1871, in the wake of the [Franco-Prussian War](http://en.wikipedia.org/wiki/Franco-Prussian_War), an uprising in Paris established the [Paris Commune](http://en.wikipedia.org/wiki/Paris_Commune). According to Marx and Engels, for a few weeks the Paris Commune provided a glimpse of a socialist society, before it was brutally suppressed by the French government. Large-scale industry was to be "based on the association of the workers" joined into "one great union", all posts in government were elected by universal franchise, elected officials took only the average worker's wage and were subject to recall. For Engels, this was what the [Dictatorship of the proletariat](http://en.wikipedia.org/wiki/Dictatorship_of_the_proletariat) – the political, democratic control or governance of the working class – looked like. Marx and Engels argued that the state is "nothing but a machine for the oppression of one class by another" and a new generation of socialists, "reared in new and free social conditions, will be able to throw the entire lumber of the state on the scrap-heap".

After the Paris Commune, the differences between supporters of Marx and Engels and those of Bakunin were too great to bridge. The anarchist section of the First International was expelled from the International at the 1872 Hague Congress and they went on to form the [Jura federation](http://en.wikipedia.org/wiki/Jura_federation). The First International was disbanded in 1876.

**Second International**

As the ideas of Marx and Engels gained popularity, especially in central Europe, socialists founded the [Second International](http://en.wikipedia.org/wiki/Second_International_(politics)) in 1889, the centennial of the French Revolution. Three hundred socialist and labor union organizations from 20 countries sent 384 delegates. The Second International expelled individuals and member organizations that it considered to have an anarchist outlook, most notably Swiss, Italian, and French [anarcho-syndicalists](http://en.wikipedia.org/wiki/Anarcho-syndicalists) such as [Errico Malatesta](http://en.wikipedia.org/wiki/Errico_Malatesta) and [Mikhail Bakunin](http://en.wikipedia.org/wiki/Mikhail_Bakunin). This created a rift, lasting to this day in many parts of the world, between what anarchists describe as [libertarian socialism](http://en.wikipedia.org/wiki/Libertarian_socialism) and authoritarian socialism.

In 1890, The [Social Democratic Party of Germany](http://en.wikipedia.org/wiki/Social_Democratic_Party_of_Germany) used the limited, universal, male suffrage to exercise the electoral strength necessary to compel rescission of Germany's [Anti-Socialist Laws](http://en.wikipedia.org/wiki/Anti-Socialist_Laws). In 1893, the SPD received 1,787,000 votes, a quarter of the votes cast. Before the SPD published Engels's 1895 introduction to [Karl Marx](http://en.wikipedia.org/wiki/Karl_Marx)'s *Class Struggles in France 1848–1850*, they deleted phrases that they felt were too revolutionary for mainstream readers.

The [Swedish Social Democratic Party](http://en.wikipedia.org/wiki/Swedish_Social_Democratic_Party), ([Swedish](http://en.wikipedia.org/wiki/Swedish_language): *Sveriges socialdemokratiska arbetareparti*, SAP, 'Social Democratic Labor Party of Sweden'), which today contests elections as 'Labor Party – Social Democrats' (Arbetarepartiet-Socialdemokraterna), is the oldest and largest political party in Sweden, founded in 1889. Commonly referred to as 'the Social Democrats' (Socialdemokraterna) or colloquially 'the Socials' (Sossarna), this party suffered a schism in 1917, when the communists and other Revolutionary Left factions split from the Social Democrats to form what is now the Left Party.

In the UK, politically moderate [New Model Unions](http://en.wikipedia.org/wiki/New_Model_Union) dominated unionized labor from the mid–nineteenth century until the founding of [New Unionism](http://en.wikipedia.org/wiki/New_Unionism), which arose after the successful London [matchgirls' strike](http://en.wikipedia.org/wiki/Bryant_and_May_match_factory_strike) in 1888. Unskilled workers such as the Dockers and the Gas Workers were unionized through the activities of socialists such as [Ben Tillett](http://en.wikipedia.org/wiki/Ben_Tillett), a founder of the [Independent Labor Party](http://en.wikipedia.org/wiki/Independent_Labour_Party), [Tom Mann](http://en.wikipedia.org/wiki/Tom_Mann) (who together with Tillett founded the [dockers union](http://en.wikipedia.org/wiki/Dock,_Wharf,_Riverside_and_General_Labourers%27_Union)) and [Will Thorne](http://en.wikipedia.org/wiki/Will_Thorne), who founded the Gas Workers union. Also under pressure from socialists such as [Keir Hardie](http://en.wikipedia.org/wiki/Keir_Hardie), the UK trade union movement broke from the [Liberal Party](http://en.wikipedia.org/wiki/Liberal_Party_(UK)) and founded the [Labor Party](http://en.wikipedia.org/wiki/Labour_Party_(UK)) in the early twentieth century. The first U.S. socialist party was founded in 1876, then metamorphosed to a Marxist party in 1890; the [Socialist Labor Party](http://en.wikipedia.org/wiki/Socialist_Labor_Party) exists today. An early leader of the Socialist Labor Party was [Daniel De Leon](http://en.wikipedia.org/wiki/Daniel_De_Leon). De Leon helped found the [Industrial Workers of the World](http://en.wikipedia.org/wiki/Industrial_Workers_of_the_World) (IWW) which influenced the formation IWW unions beyond the United States.

When [World War I](http://en.wikipedia.org/wiki/World_War_I) began in 1914, most European socialists, under the banner of the Second International, supported the bellicose aims of their national governments. The British, French, Belgian, and German social democratic parties discarded their political commitments to [proletarian internationalism](http://en.wikipedia.org/wiki/Proletarian_internationalism) and worker solidarity to co-operate with their imperial governments. In Russia, [Vladimir Lenin](http://en.wikipedia.org/wiki/Vladimir_Lenin) denounced the Europeans' Great War as an [imperialist](http://en.wikipedia.org/wiki/Imperialism) conflict, and urged workers worldwide to use the war as occasion for [proletarian](http://en.wikipedia.org/wiki/Proletarian) revolution. The Second International dissolved during the war. However, Lenin, [Leon Trotsky](http://en.wikipedia.org/wiki/Leon_Trotsky), [Karl Liebknecht](http://en.wikipedia.org/wiki/Karl_Liebknecht), [Rosa Luxemburg](http://en.wikipedia.org/wiki/Rosa_Luxemburg) and other anti-war Marxists conferred in the [Zimmerwald Conference](http://en.wikipedia.org/wiki/Zimmerwald_Conference) in September 1915.

**Revolutions of 1917–1923**



[Trotsky](http://en.wikipedia.org/wiki/Leon_Trotsky), Lenin, and [Kamenev](http://en.wikipedia.org/wiki/Lev_Kamenev) at the Second Communist Party Congress, 1919

By the year 1917, the patriotism of the [First World War](http://en.wikipedia.org/wiki/First_World_War) changed into political radicalism in most of Europe, the United States (cf. [Socialism in the United States](http://en.wikipedia.org/wiki/Socialism_in_the_United_States)), and Australia. In February, popular revolution exploded in Russia when workers, soldiers, and peasants established soviets (councils), the monarchy fell and a Provisional Government convoked pending the election of a [Constituent Assembly](http://en.wikipedia.org/wiki/Constituent_Assembly). In April, Lenin arrived in Russia from Switzerland, calling for "All power to the soviets." In October, his party (the Bolsheviks) won support of most soviets at the second All-Russian congress of Soviets of Workers' and Soldiers' Deputies, while he and Trotsky simultaneously led the [October Revolution](http://en.wikipedia.org/wiki/October_Revolution). On 25 January 1918, at the Petrograd Soviet, Lenin declared "Long live the world socialist revolution!", proposed an immediate armistice on all fronts, and transferred the land of the landed proprietors, the crown and the monasteries to the peasant committees without compensation.

On 26 January, the day after assuming executive power, Lenin wrote *Draft Regulations on Workers' Control*, which granted workers control of businesses with more than five workers and office employees, and access to all books, documents, and stocks, and whose decisions were to be "binding upon the owners of the enterprises". Governing through the elected soviets, and in alliance with the peasant-based [Left Socialist-Revolutionaries](http://en.wikipedia.org/wiki/Left_Socialist-Revolutionaries), the Bolshevik government began nationalizing banks, industry, and disavowed the national debts of the deposed [Romanov](http://en.wikipedia.org/wiki/Romanov) royal régime. It sued for peace, withdrawing from the First World War, and convoked a [Constituent Assembly](http://en.wikipedia.org/wiki/Constituent_Assembly) in which the peasant [Socialist-Revolutionary](http://en.wikipedia.org/wiki/Socialist-Revolutionary_Party) (SR) Party won a majority. The Constituent Assembly elected Socialist-Revolutionary leader [Victor Chernov](http://en.wikipedia.org/wiki/Victor_Chernov) President of a Russian republic, but rejected the Bolshevik proposal that it endorse the Soviet decrees on land, peace and workers' control, and acknowledge the power of the Soviets of Workers', Soldiers' and Peasants' Deputies. The next day, the Bolsheviks declared that the assembly was elected on outdated party lists and the All-Russian Central Executive Committee of the Soviets dissolved it.

The Bolshevik Russian Revolution of January 1918 engendered Communist parties worldwide, and their concomitant [revolutions of 1917-23](http://en.wikipedia.org/wiki/Revolutions_of_1917-23). Few Communists doubted that the Russian success of socialism depended upon successful, working-class socialist revolutions in developed capitalist countries. In 1919, Lenin and Trotsky organized the world's Communist parties into a new international association of workers – the [Communist International](http://en.wikipedia.org/wiki/Communist_International), (Comintern), also called the Third International.



[Rosa Luxemburg](http://en.wikipedia.org/wiki/Rosa_Luxemburg), prominent communist and leader of the German [Spartacist uprising](http://en.wikipedia.org/wiki/Spartacist_uprising), 1919

In November 1918, the [German Revolution](http://en.wikipedia.org/wiki/German_Revolution) deposed the monarchy; as in Russia, the [councils](http://en.wikipedia.org/wiki/Workers%27_council) of workers and soldiers were comprised mostly of [SPD](http://en.wikipedia.org/wiki/SPD) and [USPD](http://en.wikipedia.org/wiki/USPD) (Independent Social Democrats) revolutionaries installed to office as the [Weimar republic](http://en.wikipedia.org/wiki/Weimar_republic); the SPD were in power, led by [Friedrich Ebert](http://en.wikipedia.org/wiki/Friedrich_Ebert). In January 1919 the left-wing [Spartacist uprising](http://en.wikipedia.org/wiki/Spartacist_uprising) challenged the SPD government, and President Ebert ordered the army and [Freikorps](http://en.wikipedia.org/wiki/Freikorps) mercenaries to violently suppress the workers' and soldiers' councils. Communist leaders [Karl Liebknecht](http://en.wikipedia.org/wiki/Karl_Liebknecht) and [Rosa Luxemburg](http://en.wikipedia.org/wiki/Rosa_Luxemburg) were captured and summarily executed. Also that year, in [Bavaria](http://en.wikipedia.org/wiki/Bavaria), the Communist régime of [Kurt Eisner](http://en.wikipedia.org/wiki/Kurt_Eisner) was suppressed. In Hungary, [Béla Kun](http://en.wikipedia.org/wiki/B%C3%A9la_Kun) briefly headed a Hungarian Communist government. Throughout, popular socialist revolutions in [Vienna](http://en.wikipedia.org/wiki/Vienna), Italy's northern industrial cities, the German Ruhr (1920) and Saxony (1923) all failed in spreading revolutionary socialism to Europe's advanced, capitalist countries.

In Russia in August 1918, assassin [Fanya Kaplan](http://en.wikipedia.org/wiki/Fanya_Kaplan) shot Lenin in the neck, leaving him with wounds from which he never fully recovered. Earlier, in June, the Soviet government had implemented [War Communism](http://en.wikipedia.org/wiki/War_Communism) to repel the invasions by Germany, Britain, the United States and France, who were interfering in the Russian Civil War beside royalist White Russians. The [great powers](http://en.wikipedia.org/wiki/Great_power) organized a crippling economic boycott of Russia. Under War Communism, private business was outlawed, strikers could be shot, the white collar classes were forced to work manually and peasants could be forced to provide to workers in cities.

By 1920, the Red Army, under its commander Trotsky, had largely defeated the royalist White Armies. In 1921, War Communism was ended and, under the [New Economic Policy](http://en.wikipedia.org/wiki/New_Economic_Policy) (NEP), private ownership was allowed for small and medium peasant enterprises. While industry remained largely state-controlled, Lenin acknowledged that the NEP was a necessary capitalist measure for a country unripe for socialism. Profiteering returned in the form of "NEP men" and rich peasants ([Kulaks](http://en.wikipedia.org/wiki/Kulak)) gained power in the countryside.

In 1922, the fourth congress of the [Communist International](http://en.wikipedia.org/wiki/Communist_International) took up the policy of the [United Front](http://en.wikipedia.org/wiki/United_Front), urging Communists to work with rank and file Social Democrats while remaining critical of their leaders, who they criticized for "betraying" the working class by supporting the war efforts of their respective capitalist classes. For their part, the social democrats pointed to the dislocation caused by revolution, and later, the growing authoritarianism of the Communist Parties. When the Communist Party of Great Britain applied to affiliate to the Labor Party in 1920 it was turned down.

In 1923, on seeing the Soviet State's growing coercive power, the dying Lenin said Russia had reverted to "a bourgeois tsarist machine... barely varnished with socialism." After Lenin's death (January 1924), the [Communist Party of the Soviet Union](http://en.wikipedia.org/wiki/Communist_Party_of_the_Soviet_Union)  – then increasingly under the control of Joseph Stalin  – rejected the theory that socialism could not be built solely in the Soviet Union with the [Socialism in One Country](http://en.wikipedia.org/wiki/Socialism_in_One_Country) slogan. Despite the marginalized [Left Opposition](http://en.wikipedia.org/wiki/Left_Opposition)'s demand for the restoration of Soviet democracy, Stalin developed a bureaucratic, [authoritarian](http://en.wikipedia.org/wiki/Authoritarian) government, that was condemned by democratic socialists, anarchists and [Trotskyists](http://en.wikipedia.org/wiki/Trotskyists) for undermining the initial socialist ideals of the Bolshevik Russian Revolution.

The [Russian Revolution](http://en.wikipedia.org/wiki/October_revolution) of October 1917 brought about the definitive ideological division between Communists as denoted with a capital "С" on the one hand and other communist and socialist trends such as [anarcho-communists](http://en.wikipedia.org/wiki/Anarchist_communism) and social democrats, on the other. The [Left Opposition](http://en.wikipedia.org/wiki/Left_Opposition) in the Soviet Union gave rise to [Trotskyism](http://en.wikipedia.org/wiki/Trotskyism) which was to remain isolated and insignificant for another fifty years, except in Sri Lanka where Trotskyism gained the majority and the pro-Moscow wing was expelled from the Communist Party.

**After World War II**



Joseph Stalin

In 1945, the world’s three great powers met at the Yalta Conference to negotiate an amicable and stable peace. UK Prime Minister [Winston Churchill](http://en.wikipedia.org/wiki/Winston_Churchill) joined USA President [Franklin D. Roosevelt](http://en.wikipedia.org/wiki/Franklin_D._Roosevelt) and [Joseph Stalin](http://en.wikipedia.org/wiki/Joseph_Stalin), General Secretary of the Communist Party of the Soviet Union's Central Committee. With the relative decline of Britain compared to the two [superpowers](http://en.wikipedia.org/wiki/Superpowers), the USA and the Soviet Union, however, many viewed the world as "bi-polar" – a world with two irreconcilable and antagonistic political and economic systems.

Many termed the [Soviet Union](http://en.wikipedia.org/wiki/Soviet_Union) "socialist", not least the Soviet Union itself, but also commonly in the USA, China, Eastern Europe, and many parts of the world where Communist Parties had gained a mass base. In addition, scholarly critics of the Soviet Union, such as economist [Friedrich Hayek](http://en.wikipedia.org/wiki/Friedrich_Hayek) were commonly cited as critics of socialism. This view was not universally shared, particularly in Europe, and especially in Britain, where the Communist Party was very weak.

In 1951, British Health Minister [Aneurin Bevan](http://en.wikipedia.org/wiki/Aneurin_Bevan) expressed the view that, "It is probably true that Western Europe would have gone socialist after the war if Soviet behavior had not given it too grim a visage. Soviet Communism and Socialism are not yet sufficiently distinguished in many minds."

In 1951, the [Socialist International](http://en.wikipedia.org/wiki/Socialist_International) was re-founded by the European social democratic parties. It declared: "Communism has split the International Labor Movement and has set back the realization of Socialism in many countries for decades... Communism falsely claims a share in the Socialist tradition. In fact it has distorted that tradition beyond recognition. It has built up a rigid theology which is incompatible with the critical spirit of Marxism."

The last quarter of the twentieth century marked a period of major crisis for Communists in the Soviet Union and the [Eastern bloc](http://en.wikipedia.org/wiki/Eastern_bloc), where the growing shortages of housing and consumer goods, combined with the lack of individual rights to assembly and speech, began to disillusion more and more Communist party members. With the rapid collapse of Communist party rule in the Soviet Union and Eastern Europe between 1989 and 1991, the Soviet version of socialism has effectively disappeared as a worldwide political force.

In the postwar years, socialism became increasingly influential throughout the so-called [Third World](http://en.wikipedia.org/wiki/Third_World). Countries in Africa, Asia, and Latin America frequently adopted socialist economic programs. In many instances, these nations nationalized industries held by foreign owners. The Soviet Union had become a superpower through its adoption of a planned economy, albeit at enormous human cost. This achievement seemed hugely impressive from the outside, and convinced many nationalists in the former colonies, not necessarily communists or even socialists, of the virtues of state planning and state-guided models of social development. This was later to have important consequences in countries like [China](http://en.wikipedia.org/wiki/China), [India](http://en.wikipedia.org/wiki/India) and [Egypt](http://en.wikipedia.org/wiki/Egypt), which tried to import some aspects of the Soviet model.

**Social Democracy in power**



[Clement Attlee](http://en.wikipedia.org/wiki/Clement_Attlee), U.K. Prime Minister, Labor Party government, 1945–51

In 1945, the British [Labor Party](http://en.wikipedia.org/wiki/Labour_Party_(UK)), led by [Clement Attlee](http://en.wikipedia.org/wiki/Clement_Attlee), was elected to office based upon a radical, socialist program. Social Democratic parties dominated the post-war French, Italian, Czechoslovakian, Belgian, Norwegian, and other, governments. In Sweden, the [Social Democratic Party](http://en.wikipedia.org/wiki/Sveriges_socialdemokratiska_arbetareparti) held power from 1936 to 1976 and then again from 1982 to 1991 and from 1994 to 2006. Labor parties governed Australia and New Zealand. In Germany, the Social Democrats lost in 1949. In Eastern Europe, the war-resistance unity, between 'Social Democrats and Communists, continued in the immediate postwar years, until Stalin imposed Communist régimes.

In the UK, the Labor Party was influenced by the British social reformer [William Beveridge](http://en.wikipedia.org/wiki/William_Beveridge), who had identified five "Giant Evils" afflicting the working class of the pre-war period: "want" (poverty), disease, "ignorance" (lack of access to education), "squalor" (poor housing), and "idleness" (unemployment). Unemployment benefit, as well as national insurance and hence state pensions, were introduced by the 1945 Labor government. However [Aneurin Bevan](http://en.wikipedia.org/wiki/Aneurin_Bevan), who had introduced the Labor Party’s National Health Service in 1948, criticized the Attlee Government for not progressing further, demanding that the "main streams of economic activity are brought under public direction" with economic planning, and criticizing the implementation of nationalization for not empowering the workers with democratic control of operations.

Bevan's *In Place of Fear* became the most widely read socialist book of the post-war period. It states: "A young miner in a South Wales colliery, my concern was with one practical question: Where does the power lie in this particular state of Great Britain, and how can it be attained by the workers?"

Socialists in Europe widely believed that fascism arose from capitalism. The *Frankfurt Declaration* of the re-founded Socialist International stated:

1. From the nineteenth century onwards, Capitalism has developed immense productive forces. It has done so at the cost of excluding the great majority of citizens from influence over production. It put the rights of ownership before the rights of Man. It created a new class of wage-earners without property or social rights. It sharpened the struggle between the classes.

Although the world contains resources, which could be made to provide a decent life for everyone, Capitalism has been incapable of satisfying the elementary needs of the world’s population. It proved unable to function without devastating crises and mass unemployment. It produced social insecurity and glaring contrasts between rich and poor. It resorted to imperialist expansion and colonial exploitation, thus making conflicts, between nations and races, more bitter. In some countries, powerful capitalist groups helped the barbarism of the past to raise its head again in the form of Fascism and Nazism.| The Frankfurt Declaration 1951

The post-war social democratic governments introduced social reform and wealth redistribution via state welfare and taxation. The UK Labor Government [nationalized](http://en.wikipedia.org/wiki/Nationalisation) major public utilities such as mines, gas, coal, electricity, rail, iron, steel, and the Bank of England. France claimed to be the world's most State-controlled, capitalist country.

In the UK, the National Health Service provided free health care to all. Working-class housing was provided in council housing estates, and university education available via a school grant system. Ellen Wilkinson, Minister for Education, introduced free milk in schools, saying, in a 1946 Labor Party conference: "Free milk will be provided in Hoxton and Shoreditch, in Eton and Harrow. What more social equality can you have than that?" Clement Attlee's biographer argued that this policy "contributed enormously to the defeat of childhood illnesses resulting from bad diet. Generations of poor children grew up stronger and healthier, because of this one, small, and inexpensive act of generosity, by the Attlee government".

In 1956, [Anthony Crosland](http://en.wikipedia.org/wiki/Anthony_Crosland) said that 25 per cent of British industry was nationalized, and that public employees, including those in nationalized industries, constituted a similar percentage of the country's total employed population. However, the Labor government did not seek to end capitalism, in terms of nationalizing of the commanding heights of the economy, as Lenin had put it. In fact, the "government had not the smallest intention of bringing in the ‘common ownership of the means of production, distribution, and exchange’",yet this was the declared aim of the Labor Party, stated in its 'socialist clause', [Clause 4](http://en.wikipedia.org/wiki/Clause_4) of the Labor Party Constitution. Cabinet minister [Herbert Morrison](http://en.wikipedia.org/wiki/Herbert_Morrison) argued that, "Socialism is what the Labor Government does." Crosland claimed capitalism had ended: "To the question, ‘Is this still capitalism?’, I would answer ‘No’."

**Social Democracy adopts free market policies**

Many social democratic parties, particularly after the Cold war, adopted [neoliberal-based market policies](http://en.wikipedia.org/wiki/Neoliberalism) that include [privatization](http://en.wikipedia.org/wiki/Privatization), [liberalization](http://en.wikipedia.org/wiki/Liberalization), [deregulation](http://en.wikipedia.org/wiki/Deregulation) and financialization; resulting in the abandonment of pursuing the development of moderate socialism in favor of [market liberalism](http://en.wikipedia.org/wiki/Market_liberalism). Despite the name, these pro-capitalist policies are radically different from the many non-capitalist [free-market socialist](http://en.wikipedia.org/wiki/Market_socialism) theories that have existed throughout history.

In 1959, the German [Social Democratic Party](http://en.wikipedia.org/wiki/Social_Democratic_Party_of_Germany) adopted the [Godesberg Program](http://en.wikipedia.org/wiki/Godesberg_Program), rejecting [class struggle](http://en.wikipedia.org/wiki/Class_struggle) and [Marxism](http://en.wikipedia.org/wiki/Marxism). In 1980, with the rise of conservative [neoliberal](http://en.wikipedia.org/wiki/Neoliberal) politicians such as [Ronald Reagan](http://en.wikipedia.org/wiki/Ronald_Reagan) in the U.S., [Margaret Thatcher](http://en.wikipedia.org/wiki/Margaret_Thatcher) in Britain and [Brian Mulroney](http://en.wikipedia.org/wiki/Brian_Mulroney), in Canada, the Western, welfare state was attacked from within. As education secretary of the Conservative Government, 1970–1974, Margaret Thatcher abolished free milk for school children. [Monetarists](http://en.wikipedia.org/wiki/Monetarism) and [neoliberalism](http://en.wikipedia.org/wiki/Neoliberalism) attacked social welfare systems as impediments to private entrepreneurship at public expense.

In the 1980s and 1990s, western European socialists were pressured to reconcile their socialist economic programs with a free-market-based communal European economy. In the UK, the [Labor Party](http://en.wikipedia.org/wiki/Labour_Party_(UK)) leader [Neil Kinnock](http://en.wikipedia.org/wiki/Neil_Kinnock) made a passionate and public attack against the Party's [Militant Tendency](http://en.wikipedia.org/wiki/Militant_Tendency) at a Labor Party conference and repudiated the demands of the defeated striking miners after a year-long strike against pit closures. In the 1990s, released from the Left's pressure, the Labor Party, under [Tony Blair](http://en.wikipedia.org/wiki/Tony_Blair), posited policies based upon the free market economy to deliver public services via private contractors.

In 1989, at Stockholm, the 18th Congress of the Socialist International adopted a new *Declaration of Principles*, saying that

Democratic socialism is an international movement for freedom, social justice, and solidarity. Its goal is to achieve a peaceful world where these basic values can be enhanced and where each individual can live a meaningful life with the full development of his or her personality and talents, and with the guarantee of human and civil rights in a democratic framework of society*.*

The objectives of the Party of European Socialists, the European Parliament's socialist bloc, are now "to pursue international aims in respect of the principles on which the European Union is based, namely principles of freedom, equality, solidarity, democracy, respect of Human Rights and Fundamental Freedoms, and respect for the Rule of Law." As a result, today, the rallying cry of the French Revolution  – "Egalité, Liberté, Fraternité"  – which overthrew absolutism and ushered capitalism into French society, are promoted as essential socialist values.

In 1995, the British Labor Party revised its political aims: "The Labor Party is a democratic socialist party. It believes that, by the strength of our common endeavor we achieve more than we achieve alone, so as to create, for each of us, the means to realize our true potential, and, for all of us, a community in which power, wealth, and opportunity are in the hands of the many, not the few."

**Socialism in the 21st century**

Those who championed socialism in its various Marxist and class struggle forms sought out other arenas than the parties of social democracy at the turn of the 21st century. [Anti-capitalism](http://en.wikipedia.org/wiki/Anti-capitalism) and [anti-globalisation](http://en.wikipedia.org/wiki/Anti-globalisation) movements rose to prominence particularly through events such as the opposition to the [WTO meeting of 1999](http://en.wikipedia.org/wiki/WTO_meeting_of_1999) in Seattle. Socialist-inspired groups played an important role in these new movements, which nevertheless embraced much broader layers of the population, and were championed by figures such as [Noam Chomsky](http://en.wikipedia.org/wiki/Noam_Chomsky). The [2003 invasion of Iraq](http://en.wikipedia.org/wiki/2003_invasion_of_Iraq) led to a significant [anti-war](http://en.wikipedia.org/wiki/Anti-war) movement in which socialists argued their case.

The [Financial crisis of 2007–2009](http://en.wikipedia.org/wiki/Financial_crisis_of_2007%E2%80%932009) led to mainstream discussions as to whether "Marx was right". [Time magazine](http://en.wikipedia.org/wiki/Time_(magazine)) ran an article 'Rethinking Marx' and put Karl Marx on the cover of its European edition in a special for the 28 January 2009 Davos meeting. While the mainstream media tended to conclude that Marx was wrong, this was not the view of socialists and left-leaning commentators.

A Globescan BBC poll on the twentieth anniversary of the fall of the Berlin Wall found that 23% of respondents believe capitalism is "fatally flawed and a different economic system is needed", with that figure rising to 40% of the population in some developed countries such as France; while a majority of respondents including over 50% of Americans believe capitalism "has problems that can be addressed through regulation and reform". Opinions regarding the demise of the Soviet Union are also heavily divided between the developed and developing world, with the latter believing the disintegration of the Soviet Union was a bad thing.

**Africa**

[African socialism](http://en.wikipedia.org/wiki/African_socialism) continues to be a major ideology around the continent. In South Africa the [African National Congress](http://en.wikipedia.org/wiki/African_National_Congress) (ANC) abandoned its partial socialist allegiances after taking power, and followed a standard neoliberal route. From 2005 through to 2007, the country was wracked by many thousands of protests from poor communities. One of these gave rise to a mass movement of shack dwellers, [Abahlali base Mjondolo](http://en.wikipedia.org/wiki/Abahlali_baseMjondolo) that, despite major police suppression, continues to advocate for popular people's planning and against the creation of a market economy in land and housing.

**Asia**

The People's Republic of China, [North Korea](http://en.wikipedia.org/wiki/North_Korea), [Laos](http://en.wikipedia.org/wiki/Laos) and [Vietnam](http://en.wikipedia.org/wiki/Vietnam) are Asian states remaining from the first wave of socialism in the 20th century. States with socialist economies have largely moved away from centralized economic planning in the 21st century, placing a greater emphasis on markets, in the case of the Chinese [Socialist market economy](http://en.wikipedia.org/wiki/Socialist_market_economy) and Vietnamese [Socialist-oriented market economy](http://en.wikipedia.org/wiki/Socialist-oriented_market_economy), [worker cooperatives](http://en.wikipedia.org/wiki/Worker_cooperative) as in Venezuela, and utilizing [state-owned corporate](http://en.wikipedia.org/wiki/State_enterprise) management models as opposed to modeling socialist enterprise off traditional management styles employed by government agencies.

In [New China](http://en.wikipedia.org/wiki/People%27s_Republic_of_China), the Chinese Communist Party has led a transition from the command economy of the Mao period to an economic program they term the [socialist market economy](http://en.wikipedia.org/wiki/Socialist_market_economy) or "[socialism with Chinese characteristics](http://en.wikipedia.org/wiki/Socialism_with_Chinese_characteristics)." Under [Deng Xiaoping](http://en.wikipedia.org/wiki/Deng_Xiaoping), the leadership of China embarked upon a program of market-based reform that was more sweeping than had been Soviet leader [Mikhail Gorbachev](http://en.wikipedia.org/wiki/Mikhail_Gorbachev)'s [perestroika](http://en.wikipedia.org/wiki/Perestroika) program of the late 1980s. Deng's program, however, maintained state ownership rights over land, state or cooperative ownership of much of the heavy industrial and manufacturing sectors and state influence in the banking and financial sectors.

Elsewhere in Asia, some elected socialist parties and communist parties remain prominent, particularly in India and Nepal. The Communist Party of Nepal in particular calls for multi-party democracy, social equality, and economic prosperity. In Singapore, a majority of the GDP is still generated from the state sector comprising government-linked companies. In Japan, there has been a resurgent interest in the [Japanese Communist Party](http://en.wikipedia.org/wiki/Japanese_Communist_Party) among workers and youth.

**Europe**

In Europe, [the socialist Left Party](http://en.wikipedia.org/wiki/The_Left_(Germany)) in [Germany](http://en.wikipedia.org/wiki/Germany) grew in popularity due to dissatisfaction with the increasingly neoliberal policies of the SPD, becoming the fourth biggest party in parliament in the general election on 27 September 2009. Communist candidate [Dimitris Christofias](http://en.wikipedia.org/wiki/Dimitris_Christofias) won a crucial presidential runoff in [Cyprus](http://en.wikipedia.org/wiki/Cyprus), defeating his conservative rival with a majority of 53%. In Greece, in the general election on 4 October 2009, the Communist KKE got 7.5% of the votes and the new Socialist grouping, ([Syriza](http://en.wikipedia.org/wiki/Coalition_of_the_Radical_Left) or "Coalition of the Radical Left"), won 4.6% or 361,000 votes.

In Ireland, in the [2009 European election](http://en.wikipedia.org/wiki/European_Parliament_election,_2009_(Ireland)), Joe Higgins of the [Socialist Party](http://en.wikipedia.org/wiki/Socialist_Party_(Ireland)) took one of four seats in the capital [Dublin European constituency](http://en.wikipedia.org/wiki/Dublin_(European_Parliament_constituency)). In Denmark, the [Socialist People's Party](http://en.wikipedia.org/wiki/Socialist_People%27s_Party_(Denmark)) (SF or Socialist Party for short) more than doubled its parliamentary representation to 23 seats from 11, making it the fourth largest party.

In the UK, the [National Union of Rail, Maritime and Transport Workers](http://en.wikipedia.org/wiki/National_Union_of_Rail,_Maritime_and_Transport_Workers) put forward a slate of candidates in the 2009 European Parliament elections under the banner of [No to the EU – Yes to Democracy](http://en.wikipedia.org/wiki/No_to_the_EU_%E2%80%93_Yes_to_Democracy), a broad left-wing [alter-globalisation](http://en.wikipedia.org/wiki/Alter-globalisation) coalition involving socialist groups such as the [Socialist Party](http://en.wikipedia.org/wiki/Socialist_Party_(England_and_Wales)), aiming to offer an alternative to the "anti-foreigner" and pro-business policies of the [UK Independence Party](http://en.wikipedia.org/wiki/UK_Independence_Party), and raising the possibility of a left-led electoral challenge at the UK general election in 2010.

In France, the [Revolutionary Communist League](http://en.wikipedia.org/wiki/Revolutionary_Communist_League_(France)) (LCR) candidate in the 2007 presidential election, [Olivier Besancenot](http://en.wikipedia.org/wiki/Olivier_Besancenot), received 1,498,581 votes, 4.08%, double that of the Communist candidate. The LCR abolished itself in 2009 to initiate a broad anti-capitalist party, the [New Anticapitalist Party](http://en.wikipedia.org/wiki/New_Anticapitalist_Party), whose stated aim is to "build a new socialist, democratic perspective for the twenty-first century".

**Latin America**



[Hugo Chávez](http://en.wikipedia.org/wiki/Hugo_Ch%C3%A1vez)

In some Latin American countries, [Third-world socialism](http://en.wikipedia.org/w/index.php?title=Third-world_socialism&action=edit&redlink=1) has re-emerged in recent years, with a [populist](http://en.wikipedia.org/wiki/Populist), [anti-imperialist](http://en.wikipedia.org/wiki/Anti-imperialist) stance, the rejection of the policies of [neoliberalism](http://en.wikipedia.org/wiki/Neoliberalism), and the [nationalization](http://en.wikipedia.org/wiki/Nationalisation) or part nationalization of oil production, land and other assets. Venezuelan President [Hugo Chávez](http://en.wikipedia.org/wiki/Hugo_Ch%C3%A1vez), Bolivian President [Evo Morales](http://en.wikipedia.org/wiki/Evo_Morales), and [Ecuadorian](http://en.wikipedia.org/wiki/Ecuadorian) president [Rafael Correa](http://en.wikipedia.org/wiki/Rafael_Correa) for instance, refer to their political programs as socialist, combining it with populism and support for the poor indigenous populations.

Chávez adopted the term [Socialism of the 21st century](http://en.wikipedia.org/wiki/Socialism_of_the_21st_century). After winning re-election in December 2006, President Chávez said, "Now more than ever, I am obliged to move Venezuela's path towards socialism."

**United States**

Socialist parties in the United States reached their zenith in the early twentieth century, but currently active parties and organizations include the [Socialist Party USA](http://en.wikipedia.org/wiki/Socialist_Party_USA), the [Socialist Workers Party](http://en.wikipedia.org/wiki/Socialist_Workers_Party) and the [Democratic Socialists of America](http://en.wikipedia.org/wiki/Democratic_Socialists_of_America), which has approximately 10,000 members.

A December 2008 Rasmussen poll found that when asked whether Americans supported a [state-managed economy](http://en.wikipedia.org/wiki/Planned_economy) or a free-market economy, 70% preferred free-market capitalism, with only 15% preferring a state-managed economy. An April 2009 Rasmussen Reports poll, conducted during the [financial crisis of 2007–2009](http://en.wikipedia.org/wiki/Financial_crisis_of_2007%E2%80%932009), suggested that there had been a growth of support for socialism in the United States. The poll results stated that 53% of American adults thought capitalism was better than socialism, and that "Adults under 30 are essentially evenly divided: 37% prefer capitalism, 33% socialism, and 30% are undecided". The question posed by Rasmussen Reports did not define either capitalism or socialism, allowing for the possibility of confusing socialism with regulated capitalism.

**Economics**

See also: [Socialist economics](http://en.wikipedia.org/wiki/Socialist_economics)

Economically, socialism denotes an economic system of state ownership and/or worker ownership of the [means of production](http://en.wikipedia.org/wiki/Means_of_production) and distribution. In the [economy of the Soviet Union](http://en.wikipedia.org/wiki/Economy_of_the_Soviet_Union), state ownership of the means of production was combined with central planning, in relation to which goods and services to make and provide, how they were to be produced, the quantities, and the sale prices.

Soviet economic planning was an alternative to allowing the market ([supply and demand](http://en.wikipedia.org/wiki/Supply_and_demand)) to determine prices and production. During the [Great Depression](http://en.wikipedia.org/wiki/Great_Depression), many socialists considered Soviet-style planned economies the remedy to capitalism's inherent flaws – [monopoly](http://en.wikipedia.org/wiki/Monopoly), [business cycles](http://en.wikipedia.org/wiki/Business_cycle), [unemployment](http://en.wikipedia.org/wiki/Unemployment), unequally distributed wealth, and the economic exploitation of workers.

In the West, neoclassical [liberal economists](http://en.wikipedia.org/wiki/Economic_liberalism) such as [Friedrich Hayek](http://en.wikipedia.org/wiki/Friedrich_Hayek) and [Milton Friedman](http://en.wikipedia.org/wiki/Milton_Friedman) said that socialist planned economies would fail, because planners could not have the business information inherent to a market economy (cf. [economic calculation problem](http://en.wikipedia.org/wiki/Economic_calculation_problem)), nor would managers in Soviet-style socialist economies match the motivation of profit. Consequent to Soviet economic stagnation in the 1970s and 1980s, socialists began to accept parts of their critique. Polish economist [Oskar Lange](http://en.wikipedia.org/wiki/Oskar_Lange), an early proponent of [market socialism](http://en.wikipedia.org/wiki/Market_socialism), proposed a central planning board establishing prices and controls of investment. The prices of producer goods would be determined through trial and error. The prices of consumer goods would be determined by supply and demand, with the supply coming from state-owned firms that would set their prices equal to the [marginal cost](http://en.wikipedia.org/wiki/Marginal_cost), as in [perfectly competitive](http://en.wikipedia.org/wiki/Perfect_competition) markets. The central planning board would distribute a "social dividend" to ensure reasonable income equality.

In western Europe, particularly in the period after [World War II](http://en.wikipedia.org/wiki/World_War_II), many socialist parties in government implemented what became known as mixed economies. In the biography of the 1945 UK Labor Party Prime Minister Clement Attlee, Francis Beckett states: "the government... wanted what would become known as a mixed economy”. Beckett also states that "Everyone called the 1945 government 'socialist'." These governments [nationalized](http://en.wikipedia.org/wiki/Nationalisation) major and economically vital industries while permitting a free market to continue in the rest. These were most often monopolistic or infrastructural industries like mail, railways, power and other utilities. In some instances a number of small, competing and often relatively poorly financed companies in the same sector were nationalized to form one government monopoly for the purpose of competent management, of economic rescue (in the UK, [British Leyland](http://en.wikipedia.org/wiki/British_Leyland), Rolls Royce), or of competing on the world market.

Also in the UK, [British Aerospace](http://en.wikipedia.org/wiki/British_Aerospace) was a combination of major aircraft companies [British Aircraft Corporation](http://en.wikipedia.org/wiki/British_Aircraft_Corporation), [Hawker Siddeley](http://en.wikipedia.org/wiki/Hawker_Siddeley) and others. [British Shipbuilders](http://en.wikipedia.org/wiki/British_Shipbuilders) was a combination of the major shipbuilding companies including [Cammell Laird](http://en.wikipedia.org/wiki/Cammell_Laird), [Govan Shipbuilders](http://en.wikipedia.org/wiki/Govan_Shipbuilders), [Swan Hunter](http://en.wikipedia.org/wiki/Swan_Hunter), and [Yarrow Shipbuilders](http://en.wikipedia.org/wiki/Yarrow_Shipbuilders) Typically, this was achieved through compulsory purchase of the industry (i.e. with compensation). In the UK, the nationalization of the coal mines in 1947 created a coal board charged with running the coal industry commercially so as to be able to meet the interest payable on the bonds which the former mine owners' shares had been converted into.

The modern socialist system in the People's Republic in China, formally titled the **socialist market economy**, combines a large state sector that comprises the 'commanding heights' of the economy with a growing private sector mainly engaged in commodity production and light industry, and is responsible from anywhere between 33% (People's Daily Online 2005) to over 50% of GDP generated in 2005. Directive centralized planning based on mandatory output requirements and production quotas have been displaced by the free-market mechanism for most of the economy and directive planning in some larger state industries. One of the major changes between the old planned economy and the socialist market model is the [corporatization](http://en.wikipedia.org/wiki/Corporatization) of state institutions, with 150 of them reporting directly to the central government. By 2008, these state-owned corporations have become increasingly dynamic and generated a large increase in revenue for the state, with the state-sector leading the recovery of economic growth in 2009 during the wake of the financial crises. The Socialist Republic of Vietnam has adopted a similar model after the [Doi Moi](http://en.wikipedia.org/wiki/Doi_Moi) economic renovation, officially called the **socialist-oriented market economy**. This differs from the Chinese model in that the Vietnamese government retains firm control over the state sector and strategic industries, but allows for a considerable increase in private-sector activity for firms engaged in commodity production.

Proponents of the socialist market economic system defend their it from a Marxist perspective, stating that a planned socialist economy can only become possible after first establishing the necessary comprehensive commodity market economy and letting it fully develop until it exhausts its historical stage and gradually transforms itself into a planned economy. They distinguish themselves from **market socialists** who believe that economic planning is unattainable, undesirable or ineffective at distributing goods, viewing the market as the solution rather than a temporary phase in development of a socialist planned economy.

Some socialists propose various decentralized, worker-managed economic systems. One such system is the *cooperative economy*, a largely free [market economy](http://en.wikipedia.org/wiki/Market_economy) in which workers manage the firms and democratically determine remuneration levels and labor divisions. Productive resources would be legally owned by the [cooperative](http://en.wikipedia.org/wiki/Cooperative) and rented to the workers, who would enjoy [usufruct](http://en.wikipedia.org/wiki/Usufruct) rights.

Another, more recent, variant is [participatory economics](http://en.wikipedia.org/wiki/Participatory_economics), wherein the economy is planned by decentralized councils of workers and consumers. Workers would be remunerated solely according to effort and sacrifice, so that those engaged in dangerous, uncomfortable, and strenuous work would receive the highest incomes and could thereby work less.

Some Marxists and anarcho-communists also propose a worker-managed economy based on workers councils, however in anarcho-communism, workers are remunerated according to their needs (which are largely self-determined in an anarcho-communist system). Recently socialists have also been working with the [technocracy movement](http://en.wikipedia.org/wiki/Technocracy_movement) to promote such concepts as [energy accounting](http://en.wikipedia.org/wiki/Energy_accounting).

**Social and political theory**

"Socialism cannot exist without a change in consciousness resulting in a new fraternal attitude toward humanity, both at an individual level, within the societies where socialism is being built or has been built, and on a world scale, with regard to all peoples suffering from [imperialist](http://en.wikipedia.org/wiki/Imperialism) oppression."

— [Che Guevara](http://en.wikipedia.org/wiki/Che_Guevara), [Marxist](http://en.wikipedia.org/wiki/Marxist) revolutionary, 1965

Marxist and non-Marxist social theorists agree that socialism developed in reaction to modern industrial capitalism, but disagree on the nature of their relationship. Marx and Engels believed the consciousness of those who earn a wage or salary (the "working class" in the broadest Marxist sense) would be molded by their "conditions" of "wage-slavery", leading to a tendency to seek their freedom or "emancipation" by throwing off the capitalist ownership of society. In this highly influential outlook, conditions determine consciousness and ending the role of the capitalist class leads eventually to a classless society in which the state would wither away.

[Émile Durkheim](http://en.wikipedia.org/wiki/%C3%89mile_Durkheim) posits that socialism is rooted in the desire to bring the state closer to the realm of individual activity, in countering the [anomie](http://en.wikipedia.org/wiki/Anomie) of a capitalist society. In socialism, [Max Weber](http://en.wikipedia.org/wiki/Max_Weber) saw acceleration of the rationalization started in capitalism. As a critic of socialism, he warned that placing the economy entirely in the state's bureaucratic control would result in an "[iron cage](http://en.wikipedia.org/wiki/Iron_cage) of future bondage".

In the middle of the twentieth century, socialist intellectuals retained considerable influence in European philosophy; [*Eros and Civilization*](http://en.wikipedia.org/w/index.php?title=Eros_and_Civilisation&action=edit&redlink=1) (1955), by [Herbert Marcuse](http://en.wikipedia.org/wiki/Herbert_Marcuse), explicitly attempts to merge Marxism with [Freudianism](http://en.wikipedia.org/wiki/Freudianism). The social science of [structuralism](http://en.wikipedia.org/wiki/Structuralism) had a significant influence on the socialist [New Left](http://en.wikipedia.org/wiki/New_Left) in the 1960s and the 1970s.

**Divisions within socialist theory**

**\* Utopian versus Scientific:**

The distinction between "[utopian](http://en.wikipedia.org/wiki/Utopian_socialism)" and "[scientific socialism](http://en.wikipedia.org/wiki/Scientific_socialism)" was first explicitly made by Engels in [Socialism: Utopian and Scientific](http://en.wikipedia.org/wiki/Socialism:_Utopian_and_Scientific), who contrasted the "utopian pictures of ideal social conditions" of social reformers, on the one hand, with the Marxian concept of scientific socialism. Scientific socialism begins with the examination of social and economic phenomena—the empirical study of real processes in society and history.

For Marxists, the development of capitalism in western Europe provided a material basis for the possibility of bringing about socialism because "What the bourgeoisie produces above all is its own grave diggers" namely the working class, which must become conscious of the historical objectives set it by society. In [Capitalism, Socialism and Democracy](http://en.wikipedia.org/wiki/Capitalism,_Socialism_and_Democracy), Schumpter, an Austrian economist, presents an alternative mechanism of how socialism will come about from a Weberian perspective: the increasing bureaucratization of society that occurs under capitalism will eventually necessitate state-control in order to better coordinate economic activity.

Some, like [Eduard Bernstein](http://en.wikipedia.org/wiki/Eduard_Bernstein), then revised this theory to suggest that society is inevitably moving toward socialism, bringing in a mechanical and teleological element to Marxism often the subject of criticism and initiating Evolutionary socialism.

Utopians may be motivated by the belief that moving toward socialism is a necessity for human survival or progress, but have typically emphasized alternatives to capitalism. The utopian method is based on establishing a set of ideals or goals and presenting socialism as an alternative to capitalism with subjectively better attributes. Examples of this form of socialism include Robert Owen's [New Harmony](http://en.wikipedia.org/wiki/New_Harmony) community.

**\*** [**Reform**](http://en.wikipedia.org/wiki/Evolutionary_Socialism) **versus** [**Revolution**](http://en.wikipedia.org/wiki/Revolutionary_Socialism)**:**

Reformists, such as classical [Social Democrats](http://en.wikipedia.org/wiki/Social_Democrat), believe a socialist system can be achieved by reforming capitalism. Socialism, in their view, can be reached through the existing political system by reforming private enterprise. Revolutionaries, such as Marx himself, orthodox [Marxists](http://en.wikipedia.org/wiki/Marxists), [Leninists](http://en.wikipedia.org/wiki/Leninist) and [Trotskyists](http://en.wikipedia.org/wiki/Trotskyist), believe such methods will fail because, in their view, the state ultimately acts in the interests of capitalist business interests. For these socialists, revolution is the only means to establish a brand-new socio-economic system, although it is worth noting that by the term *revolution* Marxists do not necessarily mean bloodshed, but rather a thorough-going and rapid change. "Both Marx and Engels and, later, Lenin on many occasions referred to a *peaceful* revolution, that is, one attained by a class struggle, but not by violence."

**\* Socialism from Above or Below:**

*Socialism from above* refers to the viewpoint that reforms or revolutions for socialism will come from or be led by the higher status groups in society, such as [intellectuals](http://en.wikipedia.org/wiki/Intellectuals) or in some cases, capitalists themselves, who desire a more rational, efficient economic system. [Claude Henri De Saint Simon](http://en.wikipedia.org/wiki/Henri_de_Saint_Simon) believed that socialism would come from above - from engineers, scientists and technicians who want to organize society and the economy in a rational, logical fashion. Social Democracy is often advocated by intellectuals, the middle-class as well as the working class segments of the population.

*Socialism from below* refers to the position that socialism can only come from and be led by [popular](http://en.wikipedia.org/wiki/Populism) solidarity and political action from the lower classes, such as the working class and lower-middle class. [Syndicalist](http://en.wikipedia.org/wiki/Syndicalist), orthodox Marxist and Leninist groups champion "socialism from below". Proponents of socialism from below often liken socialism from above approaches to [elitism](http://en.wikipedia.org/wiki/Elitism). However, socialism from below can be considered a form of [populism](http://en.wikipedia.org/wiki/Populism). Throughout history, socialism has been championed and advocated by both intellectuals and the working-class alike.

**\*** [**Technocratic/Scientific Management**](http://en.wikipedia.org/wiki/Technocracy) **versus** [**Democratic Management**](http://en.wikipedia.org/wiki/Autogestion)**:**

This distinction refers to the differing positions in regard to how state institutions and the economy are to be managed. Some proponents of technocratic socialism include [Claude Henri De Saint Simon](http://en.wikipedia.org/wiki/Henri_de_Saint_Simon), the Bolshevik [Alexander Bogdanov](http://en.wikipedia.org/wiki/Alexander_Bogdanov) and the democratic socialist [H.G Wells](http://en.wikipedia.org/wiki/H.G_Wells). They might include proponents of [scientific economic planning](http://en.wikipedia.org/wiki/Planned_economy) (except those, like the [Trotskyists](http://en.wikipedia.org/wiki/Trotskyists), who tend to emphasize the need for democratic workers control), and socialists inspired by [Taylorism](http://en.wikipedia.org/wiki/Taylorism). They show a tendency to promote [Scientific management](http://en.wikipedia.org/wiki/Scientific_management), whereby technical experts manage institutions and receive their position in society based on a demonstration of their technical expertise or merit, with the aim of creating a rational, effective and stable organization.

By contrast, proponents of democratic management propose worker-self management ([autogestion](http://en.wikipedia.org/wiki/Autogestion)): a system whereby management decisions are made democratically, or a manager is elected by all the members of the institution. Groups that promote democratic management are [Libertarian socialists](http://en.wikipedia.org/wiki/Libertarian_socialists), [Social anarchists](http://en.wikipedia.org/wiki/Social_anarchists) and [Syndicalists](http://en.wikipedia.org/wiki/Syndicalists). Many [Trotskyists](http://en.wikipedia.org/wiki/Trotskyist), following Trotsky, argue that the destruction of democratic workers' control of the economy through the workers' councils in Russia by [Stalin](http://en.wikipedia.org/wiki/Stalin) was a critical juncture in the growth of the bureaucracy and led to the poor performance of the planned economy in Russia. They demand a democratically drawn up national plan of production developed through workers' committees.

**\* Allocation of Resources:** [**Economic planning**](http://en.wikipedia.org/wiki/Economic_planning) **versus** [**Market**](http://en.wikipedia.org/wiki/Market_Economy) **versus** [**Democratic Planning**](http://en.wikipedia.org/wiki/Participatory_economics)**:**

Resource allocation is the subject of intense debate between [market socialists](http://en.wikipedia.org/wiki/Market_socialism) and proponents of [planned economies](http://en.wikipedia.org/wiki/Planned_economies). Market socialists believe the market mechanism is either the most efficient or the only viable means of allocating resources and determining what is to be produced. Examples of market socialists include [Ricardian socialism](http://en.wikipedia.org/wiki/Ricardian_socialism) and the [Socialist market economy](http://en.wikipedia.org/wiki/Socialist_market_economy). Socialist theories that involve the market as the main arbitrator of economic decision-making are sometimes viewed as a temporary, transitional phase between capitalism and a fully planned economy. Proponents of economic planning argue that the market is irrational and prone to unstable cyclical fluctuations and does not prioritize production according to a rational plan that conforms to social goals. They argue that the state can better allocate resources effectively. Proponents of democratic planning reject both state-led planning and the market, instead arguing for inclusive decision-making on what should be produced and its distribution based on direct democracy or [council democracy](http://en.wikipedia.org/wiki/Soviet_democracy).

**\*** [**Equality of opportunity**](http://en.wikipedia.org/wiki/Equality_of_opportunity) **versus** [**Equality of outcome**](http://en.wikipedia.org/wiki/Equality_of_outcome)**:**

This dichotomy concerns the type of equality promoted by socialists and what a socialist society would look like. Proponents of *equality of opportunity* advocate a society in which there are equal opportunities and [life chances](http://en.wikipedia.org/wiki/Life_chances) for all individuals to maximize their potentialities and attain positions in society, made possible by equal access to the necessities of life for all members of society. This position is held by technocratic socialists, Marxian socialists and Social democrats. *Equality of outcome* refers to a state where everyone receives equal amounts of rewards and an equal level of power in decision-making, with the belief that all roles in society are necessary and therefore none should be rewarded more than others. This view is shared by some communal-type utopian socialists and [Anarcho-communists](http://en.wikipedia.org/wiki/Anarcho-communists).

**Criticism**

Main article: [Criticisms of socialism](http://en.wikipedia.org/wiki/Criticisms_of_socialism)

Criticisms of socialism range from claims that socialist economic and political models are inefficient or incompatible with [civil liberties](http://en.wikipedia.org/wiki/Civil_liberties) to condemnation of specific [socialist states](http://en.wikipedia.org/wiki/Socialist_state).

In the [economic calculation debate](http://en.wikipedia.org/wiki/Economic_calculation_problem), [classical liberal](http://en.wikipedia.org/wiki/Classical_liberalism) [Friedrich Hayek](http://en.wikipedia.org/wiki/Friedrich_Hayek) argued that a socialist [command economy](http://en.wikipedia.org/wiki/Command_economy) could not adequately transmit information about prices and productive quotas due to the lack of a [price mechanism](http://en.wikipedia.org/wiki/Price_mechanism), and as a result it could not make rational economic decisions. [Ludwig von Mises](http://en.wikipedia.org/wiki/Ludwig_von_Mises) argued that a socialist economy was not possible at all, because of the impossibility of rational pricing of capital goods in a socialist economy since the state is the only owner of the capital goods. Hayek further argued that the social control over distribution of wealth and private property advocated by socialists cannot be achieved without reduced prosperity for the general populace, and a loss of political and economic freedoms.

Hayek's views were echoed by [Winston Churchill](http://en.wikipedia.org/wiki/Winston_Churchill) in an electoral broadcast prior to the [British general election of 1945](http://en.wikipedia.org/wiki/United_Kingdom_general_election,_1945):

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| **“** | . . . a socialist policy is abhorrent to the British ideas of freedom. Socialism is inseparably interwoven with totalitarianism and the abject worship of the state. It will prescribe for every one where they are to work, what they are to work at, where they may go and what they may say. Socialism is an attack on the right to breathe freely. No socialist system can be established without a political police. They would have to fall back on some form of Gestapo, no doubt very humanely directed in the first instance. | **”** |

**See also**

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| --- | --- |
| * [Anti-Globalisation](http://en.wikipedia.org/wiki/Anti-Globalisation) * [Anti-capitalism](http://en.wikipedia.org/wiki/Anti-capitalism) * [Class struggle](http://en.wikipedia.org/wiki/Class_struggle) * [Commonwealth](http://en.wikipedia.org/wiki/Commonwealth) * [Communism](http://en.wikipedia.org/wiki/Communism) * [Dictatorship of the proletariat](http://en.wikipedia.org/wiki/Dictatorship_of_the_proletariat) * [Fabian Society](http://en.wikipedia.org/wiki/Fabian_Society) * [Heaven on Earth: The Rise and Fall of Socialism](http://en.wikipedia.org/wiki/Heaven_on_Earth:_The_Rise_and_Fall_of_Socialism) * [History of socialism](http://en.wikipedia.org/wiki/History_of_socialism) * [History of socialism in Great Britain](http://en.wikipedia.org/wiki/History_of_socialism_in_Great_Britain) * [Industrial revolution](http://en.wikipedia.org/wiki/Industrial_revolution) * [Labor movement](http://en.wikipedia.org/wiki/Labour_movement) * [List of communist ideologies](http://en.wikipedia.org/wiki/List_of_communist_ideologies) * [List of socialist songs](http://en.wikipedia.org/wiki/List_of_socialist_songs) | * [Market Socialism](http://en.wikipedia.org/wiki/Market_Socialism) * [Marxism](http://en.wikipedia.org/wiki/Marxism) * [Nationalization](http://en.wikipedia.org/wiki/Nationalisation) * [Nano socialism](http://en.wikipedia.org/wiki/Nano_socialism) * [Proletariat](http://en.wikipedia.org/wiki/Proletariat) * [Proletarian revolution](http://en.wikipedia.org/wiki/Proletarian_revolution) * [Social democracy](http://en.wikipedia.org/wiki/Social_democracy) * [Socialist state](http://en.wikipedia.org/wiki/Socialist_state) * [Socialism in the United States](http://en.wikipedia.org/wiki/Socialism_in_the_United_States) * [State ownership](http://en.wikipedia.org/wiki/State_ownership) or [Public ownership](http://en.wikipedia.org/wiki/Public_ownership) * [Syndicalism](http://en.wikipedia.org/wiki/Syndicalism) * [To each according to his contribution](http://en.wikipedia.org/wiki/To_each_according_to_his_contribution) * [Worker cooperative](http://en.wikipedia.org/wiki/Worker_cooperative) * [Workers' self-management](http://en.wikipedia.org/wiki/Workers%27_self-management) |

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