

Socialism (Marxism)

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In Marxist theory, **socialism** (also called **lower-stage communism** or the **socialist mode of production**) refers to a specific historical phase of economic development and its corresponding set of social relations that supersede capitalism in the schema of historical materialism. Socialism is defined as a mode of production where the sole criterion for production is use-value and therefore the law of value no longer directs economic activity. Production for use is coordinated through *conscious* economic planning, while distribution of economic output is based on the principle of *To each according to his contribution*. The social relations of socialism are characterized by the working-class effectively owning the means of production and the means of their livelihood, either through cooperative enterprises or by public ownership and self management, so that the social surplus accrues to the working class and society as a whole.^[1]

This view is consistent with, and helped to inform, early conceptions of socialism where the law of value no longer directs economic activity, and thus monetary relations in the form of exchange-value, profit, interest and wage labor would not operate and apply to socialism.^[2]

The Marxian conception of socialism stands in contrast to other early conceptions of socialism, most notably early forms of market socialism based on classical economics such as Mutualism and Ricardian socialism. Unlike the Marxian conception, these conceptions of socialism retained commodity exchange (markets) for labor and the means of production, seeking to perfect the market process.^[3] The Marxist idea of socialism was also heavily opposed to Utopian socialism.

Although Karl Marx and Friedrich Engels wrote very little on socialism and neglected to provide any details on how it might be organized,^[4] numerous social scientists and neoclassical economists have used Marx's theory as a basis for developing their own models of socialist economic systems. The Marxist view of socialism served as a point of reference during the socialist calculation debate.

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Mode of production

Socialism is a post-commodity economic system, meaning that production is carried out to directly produce use-value (to directly satisfy human needs, or economic demands) as opposed to being produced with a view to generating a profit. The stage in which the accumulation of capital was viable and effective is rendered insufficient at the socialist stage of social and economic development, leading to a situation where production is carried out independently of capital accumulation in a supposedly *planned* fashion. Although Karl Marx and Friedrich Engels understood *planning* to involve the input and decisions of the individuals involved at localized

levels of production and consumption, planning has been interpreted to mean centralized planning by Marxist-Leninists during the 20th century. However, there have been other conceptions of economic planning, including decentralized-planning and participatory planning.

In contrast to capitalism, which relies upon the coercive market forces to compel capitalists to produce use-values as a byproduct of the pursuit of profit, socialist production is to be based on the rational planning of use-values and coordinated investment decisions to attain economic goals.^[5] As a result, the cyclical fluctuations that occur in a capitalist market economy will not be present in a socialist economy. The value of a good in socialism is its physical utility rather than its embodied labor, cost of production and exchange value as in a capitalist system.

Socialism would make use of incentive-based systems, and inequality would still exist but to a diminishing extent as all members of society would be worker-owners. This eliminates the severity of previous tendencies towards inequality and conflicts arising ownership of the means of production and property income accruing to a small class of owners.^[6] The method of compensation and reward in a socialist society would be based on an authentic meritocracy, along the principle of "from each according to his ability, to each according to his contribution".^[7]

The advanced stage of socialism, referred to as "upper-stage communism" in the *Critique of the Gotha Programme*, is based on the socialist mode of production but is differentiated from lower-stage socialism in a few fundamental ways. While socialism implies public ownership (by a state apparatus) or cooperative ownership (by a worker cooperative enterprise), communism would be based on common ownership of the means of production. Class distinctions based on ownership of capital cease to exist, along with the need for a state. A superabundance of goods and services are made possible by automated production that allow for goods to be distributed based on need rather than merit.^[8]

Intermediate phases

The period in which capitalism becomes increasingly insufficient as an economic system and immediately after the proletarian conquest of the state, an economic system that features elements of both socialism and capitalism will probably exist until both the productive forces of the economy and the cultural and social attitudes develop to a point where they satisfy the requirements for a full socialist society (one that has lost the need for monetary value, wage labor and capital accumulation). Specifically, market relations will still exist but economic units are either nationalized or re-organized into cooperatives. This transitional phase is sometimes described as "state capitalism" or "market socialism".

Social relations

The fundamental goal of socialism from the view of Marx and Engels was the realization of human freedom and individual autonomy. Specifically, this refers to freedom from the alienation imposed upon individuals in the form of coercive social relationships as well as material scarcity, whereby the individual is compelled to engage in activities merely to survive (to reproduce his or herself). The aim of socialism is to provide an environment whereby individuals are free to express their genuine interests, creative freedom, and desires unhindered by forms of social control that force individuals to work for a class of owners who expropriate and live off the surplus product.^[9]

As a set of social relationships, socialism is defined by the degree to which economic activity in society is planned by the associated producers, so that the surplus product produced by socialized assets is controlled by a majority of the population through democratic processes. The sale of labor power would be abolished so that

every individual participates in running their institution as stakeholders or members with no one having coercive power over anyone else in a vertical social division of labor (which is to be distinguished from a non-social, technical division of labor which would still exist in socialism).^[10] The incentive structure changes in a socialist society given the change in the social environment, so that an individual laborers' work becomes increasingly autonomous and creative, creating a sense of responsibility for his or her institution as a stakeholder. The individual is no longer alienated from his or her work: work becomes a means by which the individual fulfills his or her humanity (pursues his or her interests).

Role of the state

In Marxist theory, the state is "the institution of organised violence which is used by the ruling class of a country to maintain the conditions of its rule. Thus, it is only in a society which is divided between hostile social classes that the state exists."^[11] The state is thus seen as a mechanism that is dominated by the interests of the ruling class and utilized to subjugate other classes in order to protect and legitimize the existing economic system.

After a workers' revolution, the state would initially become the instrument of the working class. Conquest of the state apparatus by the working class must take place to establish a socialist system. As socialism is built, the role and scope of the state changes as class distinctions (based on ownership of the means of production) gradually deteriorate due to the concentration of means of production in state hands. From the point where all means of production become state property, the nature and primary function of the state would change from one of political rule (via coercion) over men by the creation and enforcement of laws into a scientific administration of things and a direction of processes of production; that is the state would become a coordinating economic entity rather than a mechanism of class or political control, and would no longer be a state in the Marxian sense.^[12]

See also

- Capitalist mode of production
- Communism
- Economic planning
- Law of value
- Marxism
- Marxian economics
- Mode of production
- Post-capitalism
- Production for use
- Relations of production
- Scientific Socialism
- Socialist calculation debate
- Socialism with Chinese characteristics
- Socialist economics
- Socialization (economics)

Notes

1. ^ "Socialism" (<http://marxists.org/glossary/terms/s/o.htm#socialism>). *Marxism.org Glossary of Terms*. Marxism.org. Retrieved 20 February 2013.

2. ^ Bockman, Johanna (2011). *Markets in the name of Socialism: The Left-Wing origins of Neoliberalism*. Stanford University Press. p. 20. ISBN 978-0-8047-7566-3. "According to nineteenth-

century socialist views, socialism would function without capitalist economic categories - such as money, prices, interest, profits and rent - and thus would function according to laws other than those described by current economic science. While some socialists recognized the need for money and prices at least during the transition from capitalism to socialism, socialists more commonly believed that the socialist economy would soon administratively mobilize the economy in physical units without the use of prices or money."

3. ^ McNally, David (1993). *Against the Market: Political economy, market socialism and the Marxist critique*. Verso. ISBN 978-0-86091-606-2.
4. ^ Gasper, Phillip (October 2005). *The Communist Manifesto: a road map to history's most important political document*. Haymarket Books. p. 23. ISBN 1-931859-25-6. "Marx and Engels never speculated on the detailed organization of a future socialist or communist society. The key task for them was building a movement to overthrow capitalism. If and when that movement was successful, it would be up to the members of the new society to decide democratically how it was to be organized, in the concrete historical circumstances in which they found themselves."
5. ^ *Market Socialism: The Debate Among Socialists*, by Schweickart, David; Lawler, James; Ticktin, Hillel; Ollman, Bertell. 1998. From "The Difference Between Marxism and Market Socialism" (P.61-63): "More fundamentally, a socialist society must be one in which the economy is run on the principle of the direct satisfaction of human needs...Exchange-value, prices and so money are goals in themselves in a capitalist society or in any market. There is no necessary connection between the accumulation of capital or sums of money and human welfare. Under conditions of backwardness, the spur of money and the accumulation of wealth has led to a massive growth in industry and technology...It seems an odd argument to say that a capitalist will only be efficient in producing use-value of a good quality when trying to make more money than the next capitalist. It would seem easier to rely on the planning of use-values in a rational way, which because there is no duplication, would be produced more cheaply and be of a higher quality."
6. ^ SCARLETT. "Karl Marx Socialism and Scientific Communism" (<http://www.economictheories.org/2008/07/karl-marx-socialism-and-scientific.html>). EconomicTheories.org. Retrieved 20 February 2013.

7. ^ *Critique of the Gotha Programme*, Karl Marx.
8. ^ *Karl Marx - Critique of the Gotha Programme*. 1875 (<http://www.marxists.org/archive/marx/works/1875/gotha/ch01.htm>) Full Text. Part 1: "In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life's prime want; after the productive forces have also increased with the all-around development of the individual, and all the springs of co-operative wealth flow more abundantly -- only then then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!"
9. ^ Erich Fromm (1961). "Marx's Concept Of Socialism" (<http://www.marxists.org/archive/fromm/works/1961/man/ch06.htm>). *Marx's Concept of Man*. Frederick Ungar Publishing. Retrieved 20 February 2013.
10. ^ *Market Socialism: The Debate Among Socialists*, by Schweickart, David; Lawler, James; Ticktin, Hillel; Ollman, Bertell. 1998. From "Definitions of market and socialism" (P.58-59): "For an Anti-Stalinist Marxist, socialism is defined by the degree to which the society is planned. Planning here is understood as the conscious regulation of society by the associated producers themselves. Put it differently, the control over the surplus product rests with the majority of the population through a resolutely democratic process...The sale of labour power is abolished and labour necessarily becomes creative. Everyone participates in running their institutions and society as a whole. No one controls anyone else."
11. ^ "State" (<http://marxists.org/glossary/terms/s/t.htm#state>). *Marxism.org Glossary of Terms*. Marxism.org. Retrieved 20 February 2013.
12. ^ *Socialism: Utopian and Scientific*, on Marxists.org: <http://www.marxists.org/archive/marx/works/1880/soc-utop/ch01.htm>: "In 1816, he declares that politics is the science of production, and foretells the complete absorption of politics by economics. The knowledge that economic conditions are the basis of political institutions appears here only in embryo. Yet what is here already very plainly expressed is the idea of the future conversion of political rule over men into an administration of things and a direction of processes of production."

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