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## **UNIT 7 SOCIALISM AND THE WORKING OF THE SOCIALIST STATE\***

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### **7.0 OBJECTIVES**

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Socialism as a political ideology has been in opposition to or alternative to capitalism and capitalist mode of production. This unit introduces you to the political ideology of socialism and the working of states based on socialism. At the end of this unit, you should be able to:

- Explain the concept of socialism and socialist state;

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- Explain the factors that gave rise to the growth of socialism
- Trace the evolution of socialism and socialist states;
- Identify the different variants of socialism;
- Describe the functioning of socialist states
- Explain the major issues and challenges facing the socialist states.

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## 7.1 INTRODUCTION

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Socialism has a rich tradition of political thought and practice which posits that the society (community) rather than individuals should own or control the *means of production*. Within its tradition are a variety of view and theories, often differing in many of their conceptual, empirical and normative commitments. In this unit, we will present the main features of socialism, both as a critique of capitalism and as a proposal for its replacement.

As an ideology, socialism has been understood in at least three different ways. First, it is seen as a political-economic system based on *social ownership* and *centralized* control of the means of production as opposed to private ownership and the free-market model of capitalism. Second, socialism also stands for certain political ideology, theory or dogma which embodies certain *values, beliefs, and principles* associated with what is often called the ‘socialist thought’ or socialist ‘outlook’ that may include values of egalitarianism, collectivism, cooperation, classless society, economic equality etc. Third, socialism is also identified with *political and social movements* aiming to overthrow capitalism and elimination of capitalist structures, such as private property and a free-market economy, and the replacement of it by 'socialist system' where the means of production is collectively owned and controlled by the state. Therefore, a socialist state may be defined as a state having a socialist system where the means of production are owned or controlled by the state. In this unit, we introduce you to the political ideology of ‘socialism’ and the nature and working of states based on socialism.

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## 7.2 SOCIALISM: CRITIQUE OF CAPITALISM

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Historically, socialism has made its way in the intellectual discourse during the early nineteenth century as a reaction against the ‘unfair’ and ‘unjust’ economic and social conditions generated by industrial capitalism. Therefore, socialism cannot be fully understood without knowing the basic aspects of capitalism and capitalist structures. Capitalism, as we observed in the preceding unit, is a political and economic system which emphasizes *unrestricted economic activity* and explicit recognition of *private property*. In other words, in a capitalist system, the means of productions are privately owned and competitive free-market economy operates as a dominant force. As a result, the primary motive of production in the system is not for social necessity or benefits, but for maximizing their profit which can be made from the production. Similarly, the choice of investments in the system is determined by the demand and supply in the market rather than social or public demand (G.A Cohen 2000). This free-

market model of capitalism essentially led to the accumulation of wealth in the hands of a few individuals who own and control the means of production, known as 'bourgeoisie'. The bourgeoisie then used their accumulated wealth to reinforce their dominance in society. Therefore, capitalist societies are marked by a sharp division between the bourgeoisie, who owns the means of production, and the 'proletariats' who had nothing, but their labour-power.

Socialism emerged as a political and economic doctrine aiming to provide a more humane and socially worthwhile alternative to capitalism through substituting the capitalist mode of production by socialist mode of production (Heywood, 2012, 97). Socialism contended the private ownership and competitive free-market system of capitalism as the primary cause of social inequality in the society and therefore envisaged for a centrally planned economic system directed and organized by the state. Therefore, the socialist economic system is also known as 'planned economy' or 'command economy'. According to socialism, since the means of production are owned by society as a whole, everything that is produced in the society is in a sense a social product, and the value derived from production also belongs to the society collectively. This would be a system based on the principle of 'from each according to his ability to each according to his needs'(Marx and Engle's, 1848). In this regard, American Socialist Daniel De Leon defined socialism as 'a social system under which the necessities of production are owned, controlled and administered by the people, for the people.'

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### **7.3 EVOLUTION OF SOCIALISM AND SOCIALIST THOUGHT**

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Although socialist ideas of egalitarianism, 'community' living and sharing of labour, resources etc. have existed throughout history, they lacked the means to convince that their arguments worked. It was only in the early 1800s that socialism made its first appearance in the writings of reformers (popularly 'early socialists') like Comte Henri de Saint-Simon (1760-1825), Robert Owen (1771-1858), Charles Fourier (1772–1837) and others who came to be known as the 'early socialist'.

#### **7.3.1 The Early Socialist**

These early socialist thinkers highlighted the structural inequalities, injustice and sufferings in the society which they conceived to be brought by the capitalist mode of production. According to them, the private ownership of the means of production was the source of all evils. Saint Simon argued for a system where the state controls the production and distribution for the benefit of all in the society, while Owen and Fourier proposed a system based on small collective 'self-sufficient' communities rather than a centralized one. These early socialists believed that it is possible to achieve socialist goals by convincing the capitalists to change their attitude and behaviour towards the society, and also by improving the condition of the workers such as providing good wages, good housing, good healthcare, education etc.

However, this vision of socialism was subject to severe criticism by Karl Marx (1818–1883) and Friedrich Engels (1820–1895) who argued that the idea of achieving socialism through moral correction or social reforms is not only ‘unscientific’ but also ‘unrealistic’ or ‘utopian’. In their pamphlet the *Communist Manifesto* (1848), Marx and Engle’s set forth their doctrine of socialism which they called as ‘scientific socialism’, which has come to be known as ‘Marxism’.

### 7.3.2 Marxism and Scientific Socialism

Scientific socialism, according to Marx and Engels, is based on the scientific analysis of social problems and finding their practical solutions. Unlike the early socialists who believed in building a socialist society through moral correction, Marxism argued that the conditions of the working class could not improve as long as there is private ownership of the means of production. According to them, a socialist society cannot be planned by thinkers or reformers; it must arise out of the revolutionary activity and will be successful only when historically appropriate. Marxism also believes that socialism is a certain stage of historical development destined to be achieved through a revolution of the working class against the property-owning bourgeoisie class.

Marxism emerged as a popular and influential theory of socialism, partly because, it provided a scientific approach and methodology in the analysis of capitalism and provided the theoretical and practical basis upon which socialism could develop.

### 7.3.3 Anarcho-Socialism

Another highly radical form of socialism is ‘anarchist socialism’ (also referred to as anarcho-socialism, Libertarian socialism, free socialism or stateless socialism) developed by people like Pierre-Joseph Proudhon (1809–1865), Peter Kropotkin (1842-1921), Mikhail Bakunin (1814-1876) etc. This strand of socialism rejects coercive authority in all forms including the state which it considers to be undesirable, unnecessary and harmful. They believed that capitalism and state as inseparable, and that one could not be abolished without the other. Therefore, they called for the abolition of all forms of authoritarian institutions, including the state. This is in contrast to other forms of socialism which advocates for state socialism or state-controlled socialism. Instead, they emphasized on workers’ self-management and decentralized control of the economy through a horizontal network of voluntary associations. For them, socialism can be achieved through direct participatory democracy at the grass-root level. Therefore they are also known as ‘stateless socialism’

## Check Your Progress 1

- Note: i) Use the space given below for your answer.  
ii) Check your answer with the answer given at the end of the unit.

1) A major factor contributing to the rise of socialism in the early 19<sup>th</sup> century is

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2) What were the proposals of the early socialists for achieving socialism?

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## 7.4 SOCIALISM AND THE MARXIST PERSPECTIVE OF STATE

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Unlike liberalism which regarded the state as a neutral arbitrator of the conflicting interests or a protector of individual rights and property, Marxism views the state as an instrument of ‘class’, for the domination of one class over the other. Applying the dialectical method to the study of history, Marx and Engels argued that states came into existence at a certain stage of historical development due to the antagonistic class nature of the society and at every stage, it represents and serves the interest of the dominant class. In the *Communist Manifesto* (1848), Marx and Engels highlighted the centrality of ‘class struggle’ in historical change and wrote that ‘The history of all hitherto existing society is the history of class struggle’. They also introduced the materialist conception of history according to which each successive stage of development was a progression from the one that had preceded it. In other words, each stage contained within itself the elements of destruction on its own and transformation into a more progressive one. It was in this way that feudal society advanced into more complex and progressive capitalism. By this same process, Marxism argued, the internal contradictions of capitalism would inevitably lead to a higher stage of socialism. For instance, in *The Origin of Family, Private Property and the State*, Engels pointed out that the capitalist state is a product of irreconcilable class division arising out of the emergence of private property and capitalist mode of production. This view of Engels was further endorsed in the writings of Lenin who said ‘state is an organ of class oppression which legalizes and perpetuates this oppression by moderating the conflicts between the classes’ (Lenin 1977: 11). Thus, the capitalist state system, in Marxist perspective, is an instrument of class exploitation and oppression in favour of the bourgeoisie class against the proletariat class.

Marxism, therefore, called for the overthrow of the capitalist state system and in its place established a socialist state system through a violent revolution of the proletariat led by the ‘vanguard party’ (Lenin 1977: 11). Commenting on the task of the proletariat and its vanguard party, Lenin said that the proletariat’s objective is to establish a socialist system by overthrowing capitalism and the bourgeoisie class. But this objective, according to him cannot be achieved at one stroke; it requires a fairly long period of transition from capitalism to socialism. This period of transition is called the ‘dictatorship of the proletariat’, which is the socialist form of state. In his *State and Revolution*, Lenin (1967) wrote, the existence of the revolutionary dictatorship of the proletariat is needed to destroy the resistance of the capitalists after the proletariat takes over political power. In other words, the state under the dictatorship of the proletariat is still a class state and there will be class division. The purpose of the dictatorship of the proletariat is to use the state power for the removal of capitalist elements from society by transferring the means of production from private ownership to state property. In this regard Marx said, proletariat state is ‘first’ stage (or ‘lower’ stage) of socialism and its ultimate objective will be to create the conditions for its eventual transition to a stateless and classless society known as ‘communism’—which Marx called as the ‘second stage’ (or ‘higher’ stage) of socialism. That is why Marx called socialism or the socialist state as ‘immature’ or ‘crude’ form of communism.

In communism, which is the ultimate stage of socialism, the society will be free from class and class antagonism, and the state will ‘wither away’. In this regard, Marx in his *Critique to the Gotha Program* (1875) said, ‘between capitalist and communist society there lies the period of the revolutionary transformation of the one to the other. And state during this transition period can be nothing but the dictatorship of the proletariat’ (Marx, 1875: 8). Therefore, in the Marxist perspective, the dictatorship of the proletariat is a temporary or interim stage of socialism towards communism. Thus, the Marxist theory of the state does not glorify the state; rather it is a theory for the eventual overthrow of the state.

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## **7.5 EMERGENCE OF SOCIALIST STATES**

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At the beginning of the twentieth century, there were a variety of socialist parties and groups in Europe —ranging from a relatively moderate ‘Fabian’ socialists or ‘guild’ socialists to highly radical ‘Marxian’ and ‘anarchist’ socialists. While they agreed on the common principle that capitalism must be abolished, there are diverse ideological and philosophical outlooks on how the socialist agenda should be executed. While the reformist or evolutionary socialists believe in achieving socialist goals through peaceful and democratic means, the radical or revolutionary socialists believed in bringing socialism through a revolution led by the working class.

In 1917, the Bolshevik party led by Vladimir Ilyich Lenin (1817-1924) seized power in Russia and established the first socialist state in history. The success of the Russian revolution had a profound impact on the history of mankind in the



Twentieth century. You will be reading about these developments in the other courses of this programme. Here you should note that the Russian revolution posed a major challenge to the revolutionary and evolutionary socialist groups. They could support Lenin and his allies as fellow socialists who succeeded in overthrowing the capitalist state through a worker's revolution, or they could oppose them as authoritarians who were abandoning the essentially democratic spirit of socialism. Socialist parties in Europe and America split into pro-Soviet communist parties and more traditional social democratic parties. In the United States, for instance, the two pro-Soviet parties (the Communist Labour Party and the Communist Party of America) split off from the Socialist Party of America, before merging to form the Communist Party USA. Similarly, in France, the French Communist Party was formed by a breakaway faction of the French Section of the Workers' International (SFIO). The non-communist socialist parties became members of the Socialist International (or the 'Second International' as it succeeded Marx's original International Workingmen's Association), while the Soviet Union organized the communist parties into the Communist International (also known as 'Comintern' or the Third International).

While the debate between **reform and revolution** had always existed among the socialists, it had its impact on Marxism as well. This is captured in the debate between two prominent Marxist members of the Social Democratic Party (also known by its German acronym, SPD): Eduard Bernstein and Rosa Luxemburg. Bernstein's analysis of industrial and agricultural development in Germany convinced him that capitalism was adapting to changes in society and Marx's prediction of the imminent and inevitable demise of capitalism was nowhere in sight. Bernstein believed that socialists should abandon the goal of bringing capitalism to a point of crisis and achieving some final socialist end state. The aim of socialist movements is not to achieve socialism in some sense, but to exist as a force pushing to make life better for workers. He famously wrote: "To me that which is generally called the ultimate aim of socialism is nothing, but the movement is everything" (1899). Luxemburg, on the other hand, argued that the reformists have lost sight of scientific socialism. She argued that socialism has its end in social revolution and Bernstein's reformist approach "amounts in practice to the advice [...] that we abandon the social revolution—the goal of Social Democracy—and turn social reform from a means of the class struggle into its final aim". (Gay, 1952, 259)

The Russian revolution also became an inspiration for various anti-colonial national liberation movements around the world. In 1920, with the formation of the Indonesian Communist Party under the guidance of the Comintern, Indonesia became the first country to establish a communist party outside the Soviet Union which was followed by the Chinese Communist Party (CCP) in 1921. After the

end of World War II, the Soviet model of socialism was adopted by most countries of Eastern Europe, including, Croatia, Romania, Hungary, Poland, East Germany etc. Later Mao Zedong led the Chinese Revolution in 1949 and established the People's Republic of China (PRC) as a socialist state which subsequently spread to North Korea, Vietnam, Cambodia and Laos. In the 1960s and 1970s, socialism became the guiding *mantra* of many revolutionary struggles in Central and South America. For instance, the Cuban socialist Fidel Castro came to power after a successful revolution in 1959, overthrowing the US-backed Batista regime. The Argentine revolutionary Che Guevara also led various guerrilla struggles in several countries of South America (Bolivia, Venezuela, Chile etc), and after his death in 1975, revolutionary socialism became a symbol of rebellion. As a result, many socialist leaders came to power, such as Salvador Allende in Chile in 1970, and the Sandinista guerrillas in Nicaragua in 1979. Socialism also developed in synthesized form, blending the ideas of socialism with traditional and tribal values such as the African socialism, or Arab socialism in West Asia and Northern Africa. However, the demise of the Soviet Union in 1991, gave a major blow to the socialist ideology and the socialist state systems in other parts of the world. Despite the upheaval, some states that identify themselves as the socialist state still survive. Currently, countries like the People's Republic of China, Republic of Cuba, the Socialist Republic of Vietnam and North Korea are some of the self-declared socialist states which claim to follow the principle of socialism.

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## **7.6 WORKING OF THE SOCIALIST STATE**

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In the Marxist-Leninist perspective, a socialist state is a state under the control of the workers (proletariat) class, which works towards the realization of socialism. Socialist states are ruled by a vanguard party, mostly a communist party, which controls the country's productive forces for the establishment of a socialist economy and socialist society. Although China, Cuba, and Vietnam have common aspirations for building socialism, there are differences in the nature of their functioning.

### **7.6.1 The People's Republic of China**

The People's Republic of China (PRC) is perhaps the most prominent and powerful country that claims itself as a socialist state today. Like other socialist states, China is governed by the Chinese Communist Party (CCP) which is the sole ruling party since its establishment in 1949. While China shares several features in common with other socialist states, it is distinct from traditional socialist states like the USSR. Unlike Soviet socialism which is rigid, China's variety of socialism is highly flexible which has been modified multiple times to adapt to the Chinese condition. In China, Soviet socialism serves as a negative mirror of a failed variety and critique of Soviet socialism has been a central feature of China's socialist discourse. The Sino-Soviet split in the early 1960s was a consequence of competition between the two versions of socialism. China adopted a unique variety of socialism which the country's constitution described



as 'socialism with Chinese characteristics. Instead of following the established Soviet model of single-party, China's political system allows eight minor parties to exist along with CCP. However, China's political system has been regarded as 'one-party' state because the CPC remains the only ruling party which dictates every sphere of political life, while the minor parties exist on the condition of their allegiance to the 'leadership role' of the CPC.

#### **Ideological Factor in Sino-Soviet Split**

The Marxist theory had argued that the revolution against capitalism would be led by the proletariat, that is, the urban working classes. In Russia, the middle-class leftist activists were able to rally some members of the small urban proletariat to their cause and capture state power in 1917. The Soviet Union advised the Chinese and other communists to follow the same path. The Chinese communist leader, Mao Zedong, had to reject this advice as China did not yet have an urban working class. Mao instead based his revolution on rural peasants. Much to the annoyance of the Soviet leaders, nations in Southeast Asia (North Korea, Cambodia and Vietnam), lacking urban proletariat, followed the Maoist path rather than the classical Marxist-Leninist doctrine. By early 1960s, these differences, combined with geostrategic factors, led to breaking up of political relations between the Soviet Union and China. Both the countries began to compete for leadership of world communism.

Like most other socialist states, in China adopted the communist principle of 'party-state' in which party always exercises its monopoly of political power and control over the government (the state). To maintain the party's supremacy, CCP's top-ranking leaderships simultaneously hold executive and decision-making positions of the state (government). For instance, though, the president of the PRC (who is the head of the state) is formally elected by the National People's Congress (NPC), in reality, its choice is limited to only one candidate who is usually the head of the party, i.e., the General Secretary of the CPC. Similarly, the Premier (informally referred to as Prime Minister), his vice-premiers and other members of the State Council are formally approved by the NPC; in practice, their candidacy is chosen and approved within the party in advance. Since the key officials of the government are chosen by the party, it is the party that decides policies while the government executes and implements those policies.

Like any other communist party in the world, CCP always maintains its hold on power because controlling power is the essence of the socialist system. In this regard, the CCP consolidated its control through a variety of means such as censoring the press, suppressing the civil societies, dissidents, and also the use of force. The party also controls the military, the judiciary and other administrative apparatus by appointing party members in key positions. The Party stands above

the interests of the individuals, and every citizen or party member is bound to abide by the party decision. Obedience to the authority is considered a moral or patriotic duty of every citizen.

### **7.6.2 Cuba**

The Republic of Cuba is another country which identifies itself as an 'independent and sovereign socialist state of workers'. After a successful revolution in January 1959, Fidel Castro introduced Marxism-Leninism in Cuba and established a communist regime under the Communist Party of Cuba. Since then, Marxism-Leninism continues to remain the guiding ideology of the party. The Cuban constitution describes the party as 'the vanguard party of the nation leading the nation and the society to build the highest goals of construction of socialism and advancement toward the communist society'. Unlike China, Cuba followed the single-party system on the Soviet model, under which the Communist Party of Cuba will remain the only party ruling the country. As a socialist country, the Cuban constitution stipulates a socialist economy based on the 'people's socialist ownership of the fundamental means of production and the abolition of the exploitation of man by man'. It also practised the principle of socialist distribution 'from each according to his capacity, to each according to his work'. Again, Chapter IX of the Cuban constitution deals with the principles of organisation and functioning of the state organs. The State organs are based on the principles of socialist democracy. The National Assembly of People's Power is the supreme organ of State representing the sovereign will of all the working people. It is composed of deputies elected for five years term through a secret ballot system. The Assembly then elects the Council of State consisting of the President who is, at the same time, the Head of State and Head of Government.

Like other socialist states, Cuba maintains strict protocols against any dissenting voices by censoring the communication medium like newspapers, radio and television etc. Although Cuba has made some attempts for political democratization like the 1992 Constitutional Amendments to allow alternative political parties, the Communist Party of Cuba has not provided room for such political reform. Cuba remains as a one-party state without any opposition party. This socialist character of the Cuban political system has got even deeper after the last constitutional reform in 2002, which set forth socialism as 'irrevocable' and declared that the country 'shall never return to capitalism'. It was supported by the Cuban people at large, and therefore, the Cuban state is likely to continue with its existing socialist characteristics in the foreseeable future.

### **7.6.3 Vietnam**

The Socialist Republic of Vietnam is a single-party socialist state governed by the Communist Party of Vietnam (CPV) which is the founding and ruling party of the country. It espouses 'Marxism-Leninism' and 'Ho Chi Min Thought' as the guiding ideologies for both the party and the state. Founded in 1930, the CPV under the revolutionary communist leader Ho-Chi-Minh fought for national

independence and redistribution of land to the working people freedom struggle. The party came to power in 1945, announcing the creation of the Democratic Republic of Vietnam (DRV), also called North Vietnam, as a socialist state. After it seized power over South Vietnam in 1975, the country was renamed as 'Republic of Vietnam'. The CPV has been ruling the country till today. The preamble to the country's constitution declared Vietnam is 'in the period of transition to socialism' and by adopting the socialist principle of 'party-state', the CPV sets and takes all major policy decisions in the country.

## Check Your Progress 2

Note: i) Use the space given below for your answer.  
ii) Check your answer with the answer given at the end of the unit.

1) What is the dictatorship of the proletariat? Why is it necessary?

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2) What is the reason for the existence of a single party system in socialist states?

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## 7.7 CRITIQUE OF SOCIALISM AND SOCIALIST STATE

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Socialism and socialist states have been criticised by pro-capitalist thinkers on many grounds. Some critics consider socialism to be a purely theoretical concept, and criticism should be made on theoretical grounds; while others hold the view that since socialist state exists in one form or the other, it must be criticised on practical terms. The American economist and champion of free-market capitalism Milton Friedman (1962) argued that the socialist principle of state-ownership and elimination of private ownership would inevitably create worse economic conditions for the general population. According to him, private ownership and market exchange are 'natural entities' or 'moral rights' which are central to the conceptions of freedom and liberty. Therefore, any restriction on private ownership is an infringement upon liberty. Friedman also contended that economic restriction of socialism hinders scientific and technological progress due to stifled competition. He pointed out the technological backwardness in socialist countries as compare to advanced capitalist countries where individuals

and companies are free to research and develop technologies. The stark disparity between capitalist South Korea and the socialist North is a classic example in this case.

Friedman's view was shared by other liberal economists like Friedrich Hayek, Ludwig Von Mises and John Maynard Keynes, all of whom believed that capitalism is vital for freedom to survive and thrive. According to them, without the market, it would be impossible to have rational calculation over the allocation of resources in society. Besides, the sharing of wealth and income in the socialist system reduces individual's incentives to work which results to slow economic growth, less entrepreneurial opportunity, and less motivation or competition to work because under socialist system one does not receive rewards or incentives for extra work, he/she does.

Friedrich Hayek's book *The Road to Serfdom* (1944) was one of the most profound critiques of the socialist doctrine of collective ownership and state interventionism. According to him, merging of state power and economic power leads to totalitarian regime, because to achieve total control over the means of production, the state must acquire significant powers of coercion. Socialism cannot be possible without surrendering the political and economic rights of the general population, socialism cannot be possible. Therefore, he said 'the road to socialism leads to totalitarianism'.

On the other hand, the track records of twentieth-century socialist states have been not very pleasing. The repressive despotic regimes of Stalin in the Soviet Union, Pol Pot's Khmer Rouge regime in Cambodia, Mao's Cultural Revolution in China, or Pinochet's regime in Chile were some of the darkest episodes in human history. Such brutal episodes, according to Hayek, were the inevitable outcomes of this socialist trend. Although some socialist states made some progress in terms of economic prosperity, authoritarianism, repression of democratic values, and restrictions on political freedom have been a major source of criticism from the outside world.

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## **7.8 CONTEMPORARY DEBATES AND THE FUTURE OF THE SOCIALIST STATE**

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Till the mid-twentieth century, socialism remained an aspiring ideology progressing in almost every part of the world. Several countries—Cambodia, Chile, East Germany, Hungary, North Korea, Venezuela, and many others—adopted socialism in some form or the other. However, socialism went through a tumultuous period in the latter half of the 1980s when several popular movements swept across the communist world demanding economic reforms and political democratization. The first major challenge to socialist regimes came with the Tiananmen Square protest in China in 1989. The military crackdown on the two-month-long (from April to June) protests instigated a series of pro-reform or pro-democracy movements (often termed as 'democracy wave') which resulted to the fall of communist regimes throughout the world. The socialist regime in Poland collapsed in September 1989. In October, Hungary ended its

more than four decades-long communist rule by adopting multi-party democracy. In November, the socialist rule in East Germany came to an end with the fall of the Berlin Wall. Other communist regimes of Eastern Europe collapsed like dominoes in Bulgaria, Czechoslovakia, Romania, etc. But the most significant event that shook socialism was the dissolution of the Soviet Union, the first socialist state, in 1991.

Events of 1989-1991 generated intense debate on the future of socialism and the socialist state system. According to Francis Fukuyama, it indicated the 'death of socialism and the triumph of liberal democracy'. In his influential essay 'The End of History?' (1989), Fukuyama adopted the analogy of Marxist dialectics of history as a linear progression and said, the demise of the Soviet Union marked the 'end point of mankind's ideological evolution' and hence 'the end of history'. Fukuyama's articulation was simple; for Marx, the final stage of human progression would be communism, and he (Fukuyama) was proclaiming liberal democracy as the 'final form of human government'. Thus after the fall of the Soviet Union, debates on the imminent collapse of other communist regimes have been raging against the socialist state by liberal scholars, arguing that all socialist states will inevitably meet a similar fate like the Soviet Union. For instance, David Shambaugh in his book *China's Future* (2016) forecasted the eventual 'crack-up' of the communist regime in China. Similar predictions have been about the future of socialism in Cuba, Vietnam etc.

The challenges faced by communist states in the post-Cold War period compelled them to introduce economic and political reforms of varying degrees. The necessity was primarily brought by forces of globalisation with capitalism as the dominant economic system. To deal with these challenges, many communist countries have introduced market-oriented economic reforms, by opening up their economies to the outside world. Most socialist states have moved from centrally planned socialist economy to market socialism—a sub-type of socialism that embraces certain traits of capitalism within the socialist system. For instance, in 1978, Deng Xiaoping introduced his 'reform and opening up' policy to incorporate elements of the market economy in China. Deng also rolled out the 'Four Modernization' programme for what he called 'socialist modernization' in agriculture, industry, national defence and science and technology.

Similarly, Cuba launched the 'Special Period in Time of Peace' in 1990 under which Local Councils, local government units were formed to allow communities greater participation in the decision-making. Cuba also reoriented its economy towards the market model in the early 1990s to deal with economic challenges. Likewise, Vietnam introduced a 'socialist-oriented market economy' in 1986 known as '*Doi Moi*' economic reforms which transformed its centrally-planned economy to a 'multi-sectoral' market-oriented economy model. Under this system, the state sector plays a decisive role in shaping economic development to build socialism while allowing private individuals and enterprises to work according to the market economy.



But despite having many aspects of capitalist elements, they continue to call themselves as socialists and communist parties still maintain their firm control over the state. However, in the strict sense of the term, none of these states is purely socialist, a purely socialist state has never existed, and none of them has achieved the elimination of private property or class systems that the communist ideology requires. Nevertheless, socialist countries still practice or claim to be practising socialism in one form or the other. But many scholars are of the view that the gradual transition from socialism to a market economy is inevitable.

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## 7.9 LET'S SUM UP

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Having discussed the nature of three main socialist states in the world, we came to know that socialism is an ideology based on the principles of the social instinct of man and collective ownership of means of production. The establishment of the Soviet Union following the October Revolution of 1917 in Russia paved the way for the setting up of the first socialist state. However, the Soviet Union and other socialist states in Eastern Europe collapsed eventually marking the end of the Cold War period. These developments posed major challenges to the surviving socialist states. Therefore, the question of survival of socialist states like China, Cuba and Vietnam in the post-Soviet period cannot be completely ignored. To adjust to the changing international order, these socialist states have made necessary economic reforms and limited political reforms while maintaining the monopoly of the communist party in their political systems.

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## 7.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) The 'unfair' and 'unjust' economic and social conditions generated by industrial capitalism.
- 2) Early socialists believed in reforming capitalism. While some proposed state control over production and distribution, others called for establishing small collectives. by educating the capitalist class.

### Check Your Progress 2

- 1) Marxists believe that the dictatorship of the proletariat is a period of revolutionary transformation that lies between capitalist and communist society. This transition phase is necessary to remove all remnants of capitalism.
- 2) In Marxist thought, a revolutionary party has to play the role of a vanguard party to capture the power and remove all remnants of capitalism thereafter.