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## **Socialism, Private Property, and Democracy**

### Summary

The paper shows that many definitions of the concept of socialism appear often quite arbitrary, lacking serious historical justification, ignoring the fact that socialism undeniably comes in many different shapes and sizes. The author offers a detailed historical and economically justifies the definition of socialism as social structure that replaces a capitalist structure and is based on public control of production in the interests of all classes and on the personal freedom of all of its members. Discussing the historical roots of undemocratic socialism in the USSR, the author concludes, that in the USSR in the 1920s through the 1950s, it was impossible for a competitive political system to develop, because competitive political system was incompatible with the emergence of the USSR as a result of severe Civil war. However, by failing to gradually introduce elements of representative democracy, socialist governments in the USSR and other first socialist states eventually became mired in bureaucracy and their social policies lost vigor. The elimination of socialism in the USSR does not mean the elimination of it in the world. The first, historically inevitable phase of “early socialism” is on its way out. But socialism continues to advance wherever society prevails over the economy and drives economic development for the benefit of all.

It is essential that we understand what socialism is and determine its fundamental characteristics, as many definitions of the concept appear quite arbitrary, lacking serious historical justification, ignoring the connections between its various characteristics or the fact that socialism undeniably comes in many different shapes and sizes.

If we talk about the Soviet variety of socialism, many authors actually refuse to categorize it as such, deeming it insufficiently democratic or humane. Even

R. Medvedev ends the title of his book<sup>1</sup> with a question mark, which, in our opinion, implies a negative rather than affirmative answer. A. Buzgalin calls Soviet socialism *mutant*. To describe the political system that came about in the USSR, other authors such as Tony Cliff<sup>2</sup> use the term *state capitalism*. The German Social Democratic Party (SPD), trying to distance itself from the undemocratic brand of socialism found in the USSR and the Eastern bloc, defined socialism as the **task of realizing the principles of freedom, justice and solidarity** while permitting private property. The Godesberg Program, ratified in 1959, outlined it as follows: “The Social Democratic Party is the party of freedom of thought. It is a community of men holding different beliefs and ideas. Their agreement is based on the moral principles and political aims they have in common. The Social Democratic Party strives for a way of accordance with these principles. Socialism is a constant task to **fight for freedom and justice**, to preserve them...”.<sup>3</sup> The Program recognized the right to own property and allowed competition, provided it did not hinder the development of a just social structure;<sup>4</sup> “As much competition as possible – as much planning as necessary.”<sup>5</sup> Obviously, in these definitions the program drew from the Soviet experience to a large extent, while at the same time drawing *away* from it by stressing the importance of freedom and moral values. Overall, this broad definition has allowed SPD, which has gained power

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<sup>1</sup> Medvedev R. *Socialism in the USSR?* Moscow.: Craft+. 2006. /Медведев Р. *Социализм в СССР?* М.: Крафт+. 2006./

<sup>2</sup> .Kliff T. *The state capitalism in Russia*. Leningrad:1991. 286 p. / Клифф. Тони. *Государственный капитализм в России*. Л. 1991. 286 с. /

<sup>3</sup> Quoted from <http://germanhistorydocs.ghi-dc.org/pdf/eng/Parties%20WZ%203%20ENG%20FINAL.pdf>

<sup>4</sup> Orlov B.S. *New Program of the Social Democracy*. Analytical review. Moscow: RAN. INION: 2008. 102 p., p. 13. /Орлов Б.С. *Новая программа германской социал – демократии*. Аналитический обзор. М. РАН. ИНИОН. : 2008. 102 с., с. 13./

<sup>5</sup> Ibid.

a number of times, to label any activity as socialist or aimed at building socialism. The Berlin Program, which was ratified at the height of Soviet *perestroika*, identified democratic socialism as “...the achievement of freedom, justice, and solidarity through the democratization of society and social and economic reform.”<sup>1</sup> Nineteen years later, in its 2007 Hamburg Program, SPD turned this understanding into a vision: “In our understanding, democratic socialism remains the vision of a free and fair society in solidarity. Its realization is a permanent task for us. The principle for our actions is social democracy.”<sup>2</sup> In the Hamburg Program, SPD provides a more detailed list of what they would like to see in the structure of society: “[Our history] requires a structure in the economy, state and society guaranteeing civil, political, social and economic basic rights for all people, for a life without exploitation, suppression and violence, hence in social and human security.”<sup>3</sup> Of particular importance, in our opinion, is how this vision of socialism proposes the realization of a wide range of rights and interests **of all citizens** and their protection by the state. Of course, only a party vying for power in a socially oriented country could afford a broad definition like that, for pragmatic reasons. That definition, however, does not quite identify the essential characteristics of socialism. For example, the Christian Democratic Union of Germany (CDU) also purports to profess “the core human values – freedom, solidarity, justice as well as the Christian view of humanity”<sup>4</sup>

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<sup>1</sup> Ibid, p. 26.

<sup>2</sup> Ibid, p. 71. The translation from German quoted from <https://www.internetarchive.org/details/HamburgProgramme>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid, p. 81.

According to B. Kagarlitsky, "...the USSR oddly combined the antiquated with the cutting-edge; brought together pre-capitalist and post-capitalist relations; blended elements of socialism, state capitalism, and Asian-style methods of production—all in one society. These contradictions stemmed from the way the Soviet system came into existence: it rose from a proletarian revolution, but in circumstances where the proletariat lost power and its party was reborn.”<sup>1</sup> Kagarlitsky also writes: “The Soviet Union proclaimed it was socialist on the grounds that it had liquidated private entrepreneurship. That did not stop the bureaucrats from seizing real control over production and then restoring capitalism; this reconstruction (and this is of crucial importance) was imposed on society from the top-down, in many instances forcefully, using the same Soviet political apparatus that its creators envisioned would protect socialism. Didn’t the same process start later in Communist China?”<sup>2</sup> Such claims result from the fact that, *a priori* and often subjectively, statements by classical Marxists are used and/or interpreted in such a way as to attribute certain characteristics to socialism (such as the rule of the proletariat; the absence of bureaucracy, or a bureaucracy fully controlled by the proletariat or the people; the presence of a Western-style representative democracy; and so on), which are then treated as its defining characteristics. But it should be obvious that the scholars who predicted and rationalized the emergence of socialism could not possibly provide a complete list of its characteristics and could not take into account all of its contradictions and inconsistencies, including fundamental ones that manifest themselves only when social-

<sup>1</sup> Kagarlitskiy B. Yu. *Marxism*. Not recommended for learning. - М.: Publishing House “Algorithm”. 2005. 480 p., p. 289. /Кагарлицкий Б.Ю.. *Марксизм: не рекомендовано для обучения*. – М.: Изд-во Алгоритм, 2005. – 480. С. 289/

<sup>2</sup> *Ibid.* P. 369.

ism is implemented. It should also be obvious that the socialism that resulted from a vicious class struggle and a civil war and developed in the years leading up to World War II could not help being undemocratic and reliant on brute force, restriction of freedoms and persecution. Any shift toward a more democratic society could only have been achieved gradually as socialism developed, achieved substantial economic progress and reached social consensus as to where to move next.

Consequently, definitions of socialism must constantly change as we accumulate additional historical experience of its existence in different countries. On the other hand, as we gather more practical experience of socialism and achieve a deeper understanding, we must crystallize its most central characteristics and formulate appropriate definitions.

According to Marx and Engels, the fundamental feature of socialism is the absolute public ownership of the means of production resulting from its expropriation from private owners. This removes the economic grounds for one class to exploit another and eliminates the root causes of social inequality. Public property is used in the interests of the entire society, including all of its classes, to promote general wellbeing.

According to Marx, the necessity of communalization stems from the intensifying contradictions in public production and social conflicts in the framework of ultimate private ownership of the means of production, from which

the majority of society suffers. Along with the development of capitalism and the concentration of capital, the working class grows more organized and revolution-minded, becoming the decisive force that effects the transition to socialism. This transition takes place either directly as the result of a mass uprising guided by the working class or during the course of the political and moral dominance of the working class and its allies, making it possible to carry out expropriation following a legitimate transfer of power in the government to parties representing the interests of the working class and its allies. Those are, in short, the features of socialism implied by the logic that Marx and Engels used to analyze the capitalist mode of production.

The definition of socialism provided in the Great Soviet Encyclopedia fully satisfies this logic:

“Socialism... is the first phase of communist formation. The economic foundation of socialism is public ownership of the means of production, and its political foundation is the power of the working masses, with the working class led by the Marxist-Leninist party playing a guiding role; Socialism is a social structure that prevents one man from exploiting another and systematically in the interests of increasing the people’s wellbeing and promoting the all-around growth of each member of society.”<sup>1</sup>

The dominance or essential monopoly of public or state ownership of the means of production was characteristic for the Soviet Union and the majority of Eastern European countries, China, Vietnam and North Korea. However, it

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<sup>1</sup> Great Soviet Encyclopedia. 1970. The author of this definition is L.I. Abalkin.

was this dominance of state ownership that caused the USSR's economic growth and performance to suffer in the 1970s and 1980s. Furthermore, because of the dominance of state ownership, society essentially lost effective control over the economy starting in the early 1970s. Therefore, the question of the role of public ownership in the establishment and evolution of socialism, primarily in the USSR, must be addressed more closely.

For further analysis, we propose the following definition of socialism as a working hypothesis: socialism is a social structure that replaces a capitalist structure and is based on **public control of production in the interests of all classes and on the personal freedom of all of its members**. This definition reflects historical reality by not establishing strict requirements for the form of ownership or level of democracy in the new structure.

The reader will certainly wonder why Marx's requirement of "public ownership of the means of production" is replaced with "public control of the means of production in the interests of all classes." What is the reason behind this generalization? The concept of public control allows for partial private ownership of the means of production, while Marxism predicted an end to centuries of domination by private property.

The answer to this question is touched on briefly above, but we will provide further explanation. Historical development has demonstrated that the formula "public ownership of the means of production" was sufficient at the end of the 19<sup>th</sup> century, but it had to change to adapt to the results of 20<sup>th</sup> century developments. We will start by clarifying what is meant by the concept of

“public ownership” and how it differs from private ownership, aside from the legal aspect of the question. In terms of the actual organization of the economy, the key is an understanding of what rights and obligations society must have with respect to enterprises in order for the entire system of relationships between enterprises and society to constitute true (not merely formal) public ownership.

“Public ownership of the means of production” obviously supposes that

1. Products generated using such means of production are created and distributed in the interests of society as a whole;
2. The workers at each social enterprise receive payment that is based on the quantity and quality of their labor;
3. Any profit (or surplus revenue) obtained using such means of production is also distributed in the interests of society as a whole. For incentive purposes, a portion of the profit should be retained at the enterprises where it was generated, with the rest redistributed for the needs of society as a whole;
4. Because of the enormous scale of modern production, the first three conditions can only be met if a special administration or government office is created to manage public property, with regional centers to account for regional aspects.

During the early stages of development of the theory of socialism, it was assumed that the state would perform these functions directly by means of centralized, plan-based control of all enterprises. If we elaborate on this idea, we



arrive at the necessity of issuing centralized tasks, including profit and savings tasks, wage tasks and the like. In practice, this form of public ownership was characteristic of the USSR's economy in the period from the 1930s to the 1980s. We would note that this form of centralized state planning was not dominant under the New Economic Policy (NEP).

By the 1950s, with industrialization complete, it became apparent that "direct state control over public ownership" provided only weak incentives for the employees and directors of enterprises to demonstrate independent initiative and improve production efficiency. State control was effective during the early stages of industrialization, only as long as existing means of production were being replaced on a regular basis with newer technologies that were more cost-effective through external (state) investments. State control became insufficient once it was necessary for each enterprise to improve efficiency and quality, when the center could no longer dictate top-down and control all areas of economic performance. Centralized management of the entire economy in the form of plans and tasks issued to all enterprises as the chief attribute of the socialist economy fell victim to bureaucracy and lag behind of real economic processes. It became necessary to find other means of regulating the economy that would promote its development in the interests of society as a whole while avoiding direct management, less through plan-based targets (which remain for certain industries and enterprises) than through other forms of regulation that are significantly more effective in modern conditions. The concept of public ownership must obviously adapt, as well.

Let us return to the our four requirements elaborated above.

Requirement 1 must be implemented by means of a system of market relationships between enterprises and a system of financial and other types of regulation that affect market conditions, instead of through direct state tasks issued to enterprises. As it turns out, market signals are just as good at ensuring the public interest as centralized, plan-based tasks, at least over the short term. In order to secure society's interests over the long term, the state must directly a) manage a number of infrastructure industries that affect overall economic development (transportation, energy, the space and military industries, certain kinds of mineral resource extraction and processing, etc.), and b) determine long-term market conditions through long-term forecasting and budget planning. The state develops strategic economic development tasks and implements them.

Society's interests are thereby protected to an even greater extent than under direct centralized management of the national economy.

Requirement 2 becomes significantly more flexible, since the state can no longer directly set wages. Even state-owned enterprises have greater freedom to set wages, since they would otherwise cease to be competitive employers. Employees' wages are determined by supply and demand in the labor market and by individual and collective agreements with employers. From society's point of view, the social support network makes up for any insufficient wages. Compared to centralized management, this system suffers from the

serious drawback that it significantly increases the wage gap between employees across professions and enterprises, and even among employees doing the same jobs. The advantage, however, is that such a system does a better job of incentivizing employees and reflecting the quantity and quality of labor.

Requirement 3 is met by taxing profits. Highly profitable industries (such as the extraction and sale of oil and gas) are subject to increased taxes, while less profitable industries (such as agriculture) are taxed at a lower rate. If necessary, the state establishes preferential terms for investments in certain industries and regions and makes a portion of such investments directly. This system for the public redistribution of profit is also more economically viable than direct centralized distribution, especially once industrialization is achieved and it is no longer necessary to develop certain industries using funds generated by other industries. However, the redistribution of profit through taxation and preferential treatment is only more effective than direct redistribution when it is used by the state in the interests of the majority of the public.

Finally, Requirement 4 (the need for a special government office to manage the economy) is replaced by the requirement that services be developed to regulate the economy and engage in industrial and inter-industrial forecasting and strategic development.

Therefore, our understanding of what is included in the concept of “public ownership” at a specific stage of socialist development undergoes significant

and unavoidable changes that are dictated by the requirements of socialist development.

In other words, a significant portion of the state's rights and obligations with respect to society, specifically its impact on the economy and on the property and assets of economic agents as expressed by the concept of "public ownership," must change radically at the present stage. When the government plays a regulatory role in the interests of all, the conflict between public and private ownership recedes and becomes easier to resolve. Under socialism, these changes can take place by means of evolution if the government consciously articulates and implements them, as China's government did in the 1970s and 1980s. The USSR had the potential to transition to market-based forms of economic management without abandoning public ownership as a basic institute of society, and to give enterprises more freedom by having them lease publicly owned fixed assets while allowing entrepreneurship to develop at the grassroots level on the basis of truly private (and collective) property. This private property should be created through hard work and entrepreneurial talent, not stolen from the people through a privatization process that is not under society's control. It is no less important that state-owned enterprises have rights and opportunities to implement economic initiatives.

Through evolution, we (Russia) would arrive at a significant increase in the role of private property without destroying the economy and losing half of the country's production potential. Public ownership would retain its leading role, since its assets (including such social funds as the state budget and other

sources) and their proper management in society's interests (in the interests of all classes) establish the foundation for the economy and guide its development. Private property would function within a specific framework in the interests of society as a whole. In this environment, collective property becomes a form of private property.

Therefore, socialism as a social structure directed at developing the economy in the interests of society could have been retained and furthered in the USSR with a significant expansion in the role of private property; history, however, decided otherwise. Public ownership as a means of furthering society's interests has been all but eliminated in Russia, although state ownership was retained in a number of industries and serves as a source of gain for multitudes of bureaucrats.

In the end, we reach the conclusion that if the individuals governing under socialism betray society's interests during the transitional stage and workers are unable to defend their economic and political interests (because of a lack of experience and insufficient development of democracy), then socialism turns into capitalism as public ownership is abandoned and production is freed from its subordination to society's interests and serves to the interests of private owners and the bureaucrats who cater to them.

A great deal of historical work would have to be done to return Russia to the path of socialism, since neither private nor state ownership can, on their own, guarantee the political and economic interests of the masses of working peo-

ple. Workers must learn to defend their rights in continual economic struggle and, when necessary, political resistance.

Let us return to the concept of socialism. From a definition founded on public ownership of the means of production, we have come to understand that, over time, the domination of public ownership in the form of state ownership is no longer necessary and society has to develop other forms of control. Social control over economic development is the key feature of socialism, and domination by state ownership is just one of the possible instruments for that control. This way, we arrive at a new understanding of socialism: socialism is a social structure that gives society control over the economy in the interests of all classes. Public ownership is important, but it is not the only or most decisive factor in the system of institutes that retain and develop socialism. It is vital that there be a system of democratic political institutes and mechanism by which workers can and must further their interests, since those interests cannot be protected automatically without active participation. It becomes more difficult to retain socialism if private property is retained and developed. Furthermore, the first stage of socialism in the USSR had no democratic instruments for protecting the rights of workers.

Do such political instruments exist in developed Western countries? For a number of nations in the European Union the answer is yes. We can therefore speak of the social state as a form that is close to socialism. Even in such systems, however, workers cannot merely trust that their interests will automatically be protected by the country's political leaders. If these leaders do not

feel that they have the support of the masses while also being aware of their political pressure, such democratic systems will inevitably become excessively bureaucratic and bourgeois. On the other hand, the inevitable deterioration in workers' conditions will prompt the masses to act more decisively to protect their interests and elect new leaders.

Let us return to the concept of socialism and the instruments by which the masses can ensure its continuation. It would be wrong to reduce socialism as a system that gives society control over the economy to a rigid system of instruments or institutes. Instruments must change and develop while continuing to serve a system of economic and political institutes that allow the masses to engage in successful economic and political struggle to promote their interests in an environment in which there are different classes, where private property dominates quantitatively, and where there are classes of entrepreneurs both large and small. The success of this struggle in each specific country at present depends on the workers and their degree of political development and organization. If no such democratic instruments exist, then there is no guarantee that society will develop along peaceful lines.

It is well known that Marx predicted and provided historical justification for a transition to socialism based on the ascendance of public ownership of the means of production. However, we have become convinced that, while domination of public ownership of the means of production is a vital and historically necessary instrument for building socialism, such as in the USSR, it is not an eternal instrument of social development. It is replaced by a variety of forms of ownership and significant development in private property. Were Marx and his followers wrong about this very fundamental issue when they insisted on the domination of public ownership? We actually see no grounds for such criticism of Marx. First of all, we must recognize that Marx's prediction was fully realized in the USSR and Eastern Europe, as well as in China and a number of other Asian countries. The first wave of countries that engaged in building "early socialism" introduced public ownership of the means of production, building and developing their economies on its foundation. To borrow a concept from mathematics, Marx successfully predicted the first phase, or the first part of the trajectory of socialism development. The fact that the trajectory changes does not indicate that the first part of the trajectory was wrong.

Second, the mere fact of the appearance of a second part of the trajectory, associated with the establishment and implementation of the concept of a socially oriented market economy, was the direct result and natural consequence of the first part of the trajectory, which was the creation of the USSR, reforms in the interests of workers and the building of socialism in the USSR



and its followers. It is worth repeating that the creation of a socially oriented market economy was the direct result of the first phase, not simply a subsequent phase in time that negates the necessity of the first phase. It would be a gross logical and historical error to reject the first phase and its necessity if the second phase is a direct result of the first. If one assumes that there was no need for public ownership to dominate during the first phase, then one quickly leaves the realm of facts and arrives at hypotheses that will be difficult to prove. In essence, one would have to prove the following: Social Democrats would have been victorious sooner and the modern variation of a socially oriented economy would have been built faster if the Social Democratic parties of Europe had instead offered workers not a fight for socialism as a structure based on public ownership, but a struggle to pass laws that could have, in the context of capitalism (in which private property dominates), using regulatory methods and sharply higher taxes, directed the economy to meet the needs of the working class and society as a whole. This would supposedly have led to the continual improvement in workers' conditions and successful, crisis-free economic development. It would be extremely difficult, if not impossible, to prove such a hypothesis, since there was nothing to guarantee the passage of such laws prior to the victory of the USSR and its allies over Germany.

On the one hand, without the USSR and the slogan of socializing the means of production, the idea of socialism would not have attracted the necessary number of voters; on the other hand, a significant increase in taxes and economic regulation would have inspired strong resistance on the part of the

governing class. As early as 1921, the proponent of evolutionary liberal development L. von Mises wrote: “If the state gradually takes away the owner’s right to dispose of his property and extends its influence to production, if its ability to determine production targets and the nature of the products continually increases, then the owner is left with nothing but the empty title of “owner,” and the property falls into the hands of the state.”<sup>1</sup> We see that in 1921 the idea of state regulation of the economy was utterly foreign. This state of affairs continued into the 1930s. It is worth remembering the colossal effort required of Franklin Roosevelt in the 1930s to introduce temporary economic regulations in the U.S., even during a great global economic crisis. As late as the mid-1950s, L. von Mises writes about the “welfare state” and about government control as something capable, in his view, of destroying private enterprise: “...the ‘fatherly’ care provided by the ‘welfare state’ will reduce everyone to the condition of slave laborers who must obey the planners’ orders without asking questions.”<sup>2</sup>

This is no accident. Subsequent developments paved the way for social solutions in the second half of the 20<sup>th</sup> century that had no grounding and could not have been proposed in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. They would have been mistaken and unacceptable for that time. The first phase of socialism based on the dominance of public ownership was necessary in order to give rise to ideas that would be acceptable for the second phase. In this sense, Marx was right to insist on defining socialism as systems of production rela-

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<sup>1</sup> Ludwig von Mises. Socialism. Economic and social analysis. - М. - "Cattalaxy", 1994. – 416 p., p. 42. /Мизес Людвиг фон. Социализм. Экономический и социальный анализ. – М. – «Cattalaxy», 1994. – 416 С, с. 42/

<sup>2</sup> Ibid.

tionships based on public ownership. Without this vital phase, socialism had no chance of success.

But socialism in the USSR was not democratic according to the everyday definition of the word used today. In other words, the USSR lacked a system of government agencies based on a real separation of powers, representation and equal competition of political forces representing the interests of a variety of classes, accompanied by equal and direct voting rights and the freedoms of speech, press, assembly and political organization within a framework of laws regulating such competition. However, the USSR and other socialist governments of the 20<sup>th</sup> century did possess several important elements of democracy, including popular sovereignty exercised by the people, for the people and based on the expression of the people's will.<sup>1</sup> For example, such states had:

- Popular, equal, direct elections;
- Full employment and rapidly rising standards of living, with little income inequality;
- A high degree of social mobility promoted by universal free education;
- Strong, growing support for science and culture.

While it is true that these countries lacked competitive political systems and the related freedoms of speech and political organization, such systems only developed in Western Europe and the United States in the 1920s-1950s and were, to a significant degree, the result of the influence of the October Revolution and the victory over fascism. Prior to the First World War, none of the

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<sup>1</sup> A. Lincoln on Democracy - "government of the people, by the people and for the people."

governments in Europe or the United States had such a system: there were significant restrictions on the rights of representative bodies (in monarchies), restrictions on voting rights for many different groups of adults and restricted opportunities for political organization and freedom of speech. In the USSR in the 1920s through the 1950s, it was impossible for a competitive political system to develop because competitive politics would have gone against the country's historical development. Why?

First of all, any party that wins a bloody civil war is forced to restrict its opponents' ability to organize politically and exercise political freedoms over a fairly long period of time in order to prevent another stage of the civil war. It means, a government that represents the interests of exploited classes in the struggle against exploiting classes (against the wealthy) cannot allow the wealthy to organize politically for a long period of time in order to avoid getting pulled back into civil war or being removed from power during the next elections. The wealthy classes and owners of the means of production have experience organizing military action and are supported in the early days by a wider range of intellectuals, journalists and lawyers who previously supported these classes under the old regime. If given freedom of speech, they are prepared to use all the means at their disposal to discredit the new government and the new policies.<sup>1</sup> There will always be cause for displeasure with a new government, especially in a fairly backward country. If given freedom of

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<sup>1</sup> "Around the world, the bourgeoisie is still many times stronger than we are. Giving it yet another weapon, such as the freedom to organize politically (=freedom of the press, since the press is the center and foundation for political organization) would mean helping a class enemy... We have no desire to commit suicide, so we refrain from this step" (Lenin V.I. Complete set of works. M.: Gospolitdat. T. 44, c .81). That is why Marx, followed by Lenin, spoke of the necessity of a period of proletarian dictatorship.

speech and political organization, proponents of returning to earlier capitalist policies (including those who lost money and political freedoms in the transition) will soon demand that the standard of living in a country building socialism be compared to that of the most advanced capitalist countries, instead of with its own recent past. However, it takes a socialist country more than a decade to catch up to countries with 3-5 times more development. During this time, it is forced to restrict political rights and freedoms.

At first, these restrictions are primarily targeted at remnants of the previous exploiters. But over time, as new generations grow up without experiencing capitalism in a backward country and begin to compare their standard of living to the world's most advanced countries, it becomes increasingly difficult to prove the necessity of following the path of socialism with strict state ownership in an environment where there is increasing freedom to distribute information and mount ideological opposition. As a result, non-democratic restrictions are left in place and applied to new areas of information exchange (such as travel abroad, radio, television, internet, etc.). Meanwhile, both socialist and capitalist countries experience growth in the number of people with secondary and higher education, and an educated public is more willing to express demands for competitive democracy. While these demands are implemented in advanced countries, they meet with resistance from the leaders of socialist countries.

This brings us to a paradox. A socialist government that, at its inception, represents success for workers around the world and incites social reforms in

capitalist countries is eventually forced to wall itself off from information coming out of developed countries.

In advanced countries, workers' standard of living was always significantly higher and eventually increased even further due to social reforms. Therefore, after making an enormous leap to become an industrialized nation, winning World War II, raising the standard of living and pulling off colossal achievements, the USSR, like the communist parties in the majority of socialist countries, was not able to implement competitive, representative democracy without the risk of quickly losing power. Attempts to introduce freedom of speech in Hungary in 1956 and in Czechoslovakia in 1968 soon resulted in intensified opposition to those countries' communist parties and met with strong resistance from Soviet communist party leaders. Those leaders understood that if the communist party were to lose power in any of the countries in the socialist camp, a new regime would undoubtedly receive support from the West, potentially leading to violence against communist supporters in many of the countries and reinforcing anti-communist opposition inside the USSR, which could cause the entire system to collapse.

However, by failing to gradually introduce elements of representative democracy, socialist governments eventually became mired in bureaucracy and their social policies lost vigor. Here we see an example of the ever-present contradiction of a revolution in the name of the lower classes: once they come to power, the groups leading the revolution become elites. Eventually they start to give themselves certain privileges, on a small scale at first and justified by

the need to keep the government functioning. Later these privileges expand, and in the absence of political competition the governing class loses its ability to represent the interests of the majority, including the lower classes, or regular workers.<sup>1</sup> This contradiction can only be remedied by a new revolution or by competitive, representative democracy.

The first phase of socialism faces a critical choice: to agree to cardinal political and economic reforms or try to continue promoting development as before, merely tinkering with the most obvious bureaucratic distortions. Economic and political reforms must be carefully planned and coordinated in order to preserve socialism. In the USSR, Mikhail Gorbachev attempted to remedy the mistakes of his economic reforms with equally poorly thought-out political reforms that set the public in opposition to government and party structures in the regions and republics that supposedly rejected *perestroika*. However, although he opened the field to those who spoke out against socialism and the Soviet communist party, he failed to take even minimal steps to protect them in the ideological struggle and to consolidate pro-socialist forces. Because of Gorbachev's passivity, Yeltsin, the head of radical opponents of socialism and the Soviet communist party, was able to wage an open and successful struggle to overthrow the Soviet government and its economic system.<sup>2</sup> In the end, the public's anger over economic woes and political un-

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<sup>1</sup> Some authors, such as V. Paulman, superficially characterize the Soviet political system as a bureaucratic dictatorship of the party. For example, see "On State Socialism in the USSR (Critical Review). <http://www.klex.ru/bfl>." The term "totalitarianism" is even further from history. Such characterizations distort the fact that, as early as the 1950s, the political system in the USSR represented power for the people, exercised using the legal methods of the Soviet communist party's leaders by means of a monopoly on power and an ideological monopoly.

<sup>2</sup> See about this in detail, for example, N. Ryzhkov. The main witness. М.: Algorithm. 2009. 286 p. /Рыжков Н.А. Главный свидетель. М.: Алгоритм. 2009. 286 с. /

certainty caused the communists to lose power and brought an end to socialism. Russia and the majority of the Soviet republics lost decades of economic and social development and their people were pushed into poverty. If the initial focus had been on successful economic reforms, as it was in China and Vietnam, the communists would have had a chance of staying in power. Eventually, economic reforms should have been followed by gradual, well-planned political reforms. This is not what happened in the USSR, but that does not mean that socialism is dead around the world. The first, historically inevitable phase of socialism is on its way out, but socialism continues to advance wherever society prevails over the economy and drives economic development for the benefit of all.