Section 1 – Core Ideas and Principles

First and foremost, socialism differs to liberalism over its core assumption about human nature. Whereas liberals believe that the individual is a rational being who should be free to chart his/her own path in life, socialists argue that our behaviour is determined by economic forces. Socialism therefore adopts a stance of economic determinism. Following on from this, socialists claim that human nature is a work-in-progress that can be improved via a transformation of the economic system. Socialists are therefore committed to the creation of a better world grounded on social justice, equality and fraternity.

Key terminology

Fraternity

In simple terms, fraternity refers to the sharing of common interests and beliefs; it implies that a group sharing those beliefs is as close as ‘if they were brothers’. In order to build a better society, the economic base requires a complete overhaul because capitalism is just another word for exploitation. Replacing an economic system based upon private ownership opens up the possibility of a fairer system in which our natural humanity would flourish and find its rightful expression. The fraternity generated by an equitable distribution of wealth would free us from having to compete with our fellow man. More importantly, it would consign the environmental destructiveness and rampant consumerism of the capitalist economic system to the dustbin of history.

Fraternity has long been a cherished goal of the labour movement. In a practical sense, workers’ rights have been defended and promoted all over the world via comrades standing shoulder to shoulder with one another against their oppressors. It is only through a shared sense of brotherhood that we can ever hope to improve humanity. Socialists firmly believe that we should replace capitalism with a more meaningful system in which we receive that which we actually need. It is inherent in the socialist DNA that another world is possible centred on co-operation, decency and harmony. Above all, a socialist system would accord workers the dignity and respect they rightly deserve as the true creators of wealth.

Cooperation

The essentials

Socialism is based on the fundamental premise that human nature is a work-in-progress and that our behaviour is determined by the economic system. As with all previous societies, a capitalist society is based upon conflict between the social classes. Socialism however seeks to create a world based on co-operation with our fellow man.

Extension material and application:

In a practical sense, this argument is captured in the form of co-operative movement. The co-operative movement was born in Rochdale during the mid-nineteenth century. The Rochdale Pioneers believed that tradesman should work together to sell items of food that their customers might not otherwise afford. The co-operative movement is built upon shared ownership and seeks to make decisions in a democratic manner to serve the needs of its members. Over time, the co-operative group expanded by merging with several independent retail societies. In the modern era, the most significant illustration of the co-operative movement is the Co-Op Bank. Unlike the major high-street banks, the objective of the Co-Op is to meet the needs of its stakeholders rather than maximise profits.
Historically, the co-operative movement has a close relationship with the Labour Party. For instance, the Co-op Bank has provided cheap loans to the Party. The co-operative movement also sends delegates to the Party conference and until recently was entitled to a set number of votes in the Electoral College. As such, the co-operative movement had some influence over the choice of leader and deputy leader. It is also worth noting that the Co-operative Party (which was formed to represent members of the movement at a parliamentary level) has a permanent electoral pact with the Labour Party. Moreover, some Labour MPs are also members of the Co-Operative Party.

The financial crash of 2008 was a significant milestone in the development of capitalism and one that casts light upon the co-operative ethos. For socialists, the financial crash exposed everything that’s wrong with capitalism. For instance, Barclays Bank was fined £1.5 billion for the fraudulent manipulation of the lending market, HSBC were involved with illicit money transfers and the Royal Bank of Scotland was fined for its role in manipulating the lending rate. Moreover, the reputation of those working in the financial services industry was damaged by the actions of rogue traders such as Jordan Belfort (who was the inspiration for the film ‘Wolf of Wall Street’) and Jerome Kerviel. Not only do the actions of those in ‘the City’ lend credence to the socialist critique of capitalism, they also make a persuasive case for the co-operative movement.

**Capitalism and common ownership**

**The essentials:**

Capitalism is an economic and political system in which property and resources are owned privately, rather than through public ownership (i.e. by the state), with the intention of generating profit. The distinction between private property and public ownership is relatively straightforward. The former entails ownership of property by individuals and companies. This is the fundamental basis of capitalism; an economic system criticised by socialists. Public ownership however occurs when an organisation is run by the government for the benefit of all members of society. This is often referred to as nationalisation. According to socialists, common ownership ensures that the needs of the many override those of the few - the public sector can allocate scarce resources on a much more equitable manner than that of the marketplace.

**Extension material and application:**

The original Clause 4 of the Labour Party’s constitution made a firm commitment to common ownership of the means of production, distribution and exchange. This would ensure that the workers received the “full fruits of their labour” and “the most equitable distribution of resources.” Clause 4 was widely interpreted to mean that a Labour government should establish state control over the commanding heights of the economy. Whilst some degree of private sector activity would remain, an incoming Labour government would be committed to taking the key industries like coal and steel under state ownership.

In reality, successive Labour governments merely expanded the role of the public sector whilst leaving large sections of the economy subject to the unfettered market forces of supply and demand. When the party was in office, their Clause 4 commitment rarely played much of a role with the one notable exception of the Attlee government (1945-51). Unlike other Labour Prime Ministers, Clement Attlee inherited a political climate that was highly favourable towards state control and collectivism. Britain had just won a war against the forces of fascism and there was very little appetite amongst the public for a return to the high unemployment of the 1930s. Revealingly, the most left-wing government in British history was run by a figure that could only really be classed as a social democrat.

According to socialists, common ownership ensures that the needs of the many override those of the few. It is claimed that the public sector can allocate scarce resources on a much more equitable manner than that of the marketplace. Socialists also agree that the state can allocate resources more effectively than the private sector. Perhaps the clearest example of this argument is the National Health Service. This socialist-inspired
scheme remains highly popular amongst the public, many of whom are instinctively opposed to any market-based reform of a service provided to all regardless of their ability to pay.

Not surprisingly, the socialist position on state ownership is subject to criticism from those on the right of the political spectrum. Profligate left-wing governments have at times sought to spend their way out of economic difficulties, with the inevitable consequence of higher taxes and/or an increase in the national debt. This places a particularly unequitable burden upon future generations. It has also been argued that the welfare state has expanded in scope and cost under Labour and Conservative governments, and yet its creators assumed that the amount of government spending would actually decline as the population become both healthier and more educated. As a result of this steady increase in the level of public spending, the millennials will have to pay off the massive accumulation of debt interest by governments who have raised the level of state involvement in the economy (such as the bail-out of those banks that were ‘too big to fail’).

Another powerful argument against extensive level of public ownership comes from free-market economists from the Austrian school of the mid-twentieth century. They claim that a planned economy will result in an inefficient allocation of scarce resources. Friedrich Hayek (1944) argued that “what cannot be known cannot be planned” and warned that “an expansion in the role of the state would lead to slavery for its people.” Ludwig von Mises (1956) added that an economy denied the signalling process of the price mechanism presents itself with the economic calculation problem. No bureaucracy has ever been created that can ever hope to predict the multitude of economic decisions taken every day by economic agents. He claimed that only the free-market has the capacity to address the basic economic problem of matching finite resources with infinite human wants. The notion that the government can run the economy on an efficient basis is therefore a major dividing line between left and right.

Communism

The essentials:

Communism is an economic system based upon public ownership and a planned economy. The term originates from the French word ‘commune’ and predates the prescription offered by Marx and Engels during the time of the Industrial Revolution. The most obvious contrast to be made is with capitalism, an economic system based upon private ownership and the market forces of supply and demand. Famously, Karl Marx predicted the collapse of the capitalist system due to internal contradictions between the interests of the bourgeoisie (the social class that owns capital) and the proletariat (the working class or the wage-earners). This would result in a revolution led by the oppressed followed by the dictatorship of the proletariat. Eventually, class conflict would come to an end and the result would be the inevitable victory of socialism. Common ownership would replace private property, and the state would distribute resources in an equitable manner.

The German theorist Karl Marx remains by far the most influential figure within the ideology of socialism. Writing during the time of the Industrial Revolution (1848), Marx offered a devastating critique of the capitalist economic system in which he claimed that the owners of capital exploited the working-class. The Marxist argument has been subject to modification since his work was first published, but the core argument remains both relevant and insightful. One would only have to consider how multi-national companies such as Apple use third world sweatshops (Klein, 2000) or the treatment of illegal immigrants in the shadow economy by unscrupulous employers.

Extension material:

Marxist analysis is heavily influenced by a Hegelian understanding of historical progress. The German philosopher Friedrich Hegel claimed that history progressed upon a series of logical events based upon the dialectic. Hegel believed that every idea or state of affairs contains within it an internal conflict. In other
words, a thesis contained an antithesis that drives forward social change. The result is a new state of affairs or set of ideas he called a **synthesis**. For example, tyranny (thesis) generates the need for freedom (antithesis). Once freedom has been achieved there will be a state of anarchy until an element of tyranny is combined with freedom; thereby creating a system of laws (synthesis). In other words, when a proposition is confronted by an opposite a new stage of history will emerge. Grounded on this philosophical structure, Marx claimed that socialism would confront capitalism and lead to a new historical epoch.

Furthermore, Hegel argued that alienation was the result of our perception of the world being different to the reality of that world. Progress would therefore occur only when a collective consciousness emerges, thereby generating a new consciousness. Marx adopted this view towards the notion of **class consciousness**, which he believed would occur amongst the exploited proletariat. Finally, Hegel argued that society was destined to reach the end of the dialectic in which our consciousness would be the same as the collective consciousness. We would therefore reach the **end of history**. For Marx, this would be a communist society.
The core ideas and principles of socialism and how they relate to human nature, the state, society and the economy

**Collectivism**

- How collective human effort is both of greater practical value to the economy and moral value to society than the effort of individuals

**The essentials:**

Collectivism refers to the notion that we can achieve valuable goals on a shared rather than individual basis. In a practical sense, this may entail joining a trade union to protect our rights in the workplace. Acting in solidarity with others thereby strengthens our position in relation to management. Secondly, collectivism assumes that action taken by organised groups is more effective than the sum of individual actions. Collectivism is underpinned by the assumption that man is by nature a social animal.

**Extension material and application:**

For collectivists, the inherent problem with individualism is that it serves no higher purpose or objective, save perhaps for the maintenance of individualism – a goal that collectivists instinctively oppose anyway. Collectivists fear that a ‘society’ based upon a dogmatic commitment to individualism is characterised by an all-pervading sense of what the sociologist Emile Durkheim (1912) called anomie. When individuals consider themselves to be the centre of their own moral universe they fail to develop any meaningful connection to others. The inevitable result is a world in which individuals pursue their own self-interest contrary to any wider concerns for society; leading to the impoverishment of both the individual and society itself. In response to these problems, collectivist theorists claim that there is no such thing as the unencumbered self and that society is greater than the sum of its parts. It is therefore necessary and desirable to construct a system which facilitates shared goals and our common humanity. Collectivism has a lengthy history within political ideology and several influential theorists and figures have argued persuasively in favour of a collectivist approach.

The socialist stance on collectivism rests upon an assumption that the number of those disadvantaged by the unfettered marketplace is far greater than those who benefit. Numerically, those who might be classed as members of the proletariat (or even precariat – those workers with unstable work and few rights) are greater than those who might be classed as the bourgeoisie. This is particularly striking in the context of the global economy, where the benefits and rewards are distributed in a dramatically uneven manner. According to the socialist argument, the accumulation of wealth within a system based upon capitalism is neither fair nor justifiable. Despite what those on the right of the political spectrum might claim, wealth does not trickle down towards all members of society. Even in one of the wealthiest economies in the world, signs of extreme wealth exist only a few blocks away from food banks and homeless people sleeping rough.

It is also important to note that the socialist conception of democracy differs to that of a liberal. Whereas the latter claim that collectivist action will inevitably lead to the tyranny of the majority, socialists argue that democracy represents people working together to achieve a better society. The socialist view of democracy is therefore built around a collectivist conception rather than atomised individualism. Whereas liberalism sides with the individual, socialism prescribes a collectivist stance. Left-wing movements throughout the world strongly emphasise the need for solidarity amongst the downtrodden and oppressed. Progress towards a more humane society requires the many to rise-up in common cause against the few. In the UK, these aims are reflected throughout the labour movement. For instance, Labour’s Clause 4 states that “by the strength of our common endeavour we achieve more than we achieve alone.”
Common humanity

- the nature of humans as social creatures with a tendency to co-operation, sociability and rationality
- the individual cannot be understood without reference to society, as human behaviour is socially determined

The socialist stance on human nature differs sharply to all other ideologies. As previously mentioned, human nature can be improved by the overhaul or reform of capitalism. Our behaviour is moulded by societal forces (particularly the economic system) and capitalism cannot facilitate the best of human nature. It is therefore imperative that we replace an unethical, amoral and ‘dog eat dog’ system with a more socially equitable alternative. In doing so, socialism rejects the conservative argument that human nature is immutable and cannot be altered.

Socialism is built around the assumption that man is a social animal. As such, we seek to realise our goals on a collective basis and thereby co-operate with others to serve the common good. All socialists agree that industries should be owned or regulated by the state in order to serve the broader public interest. As such, the socialist position on the role of the state inevitably follows from their perspective on human nature and the importance of community.

Socialists also believe that each of us is of equal worth and opportunities should be spread as widely as possible. This may be achieved via an evolutionary style of politics or a full-blown revolution led by the disaffected. The dependent factor is the strand of socialism in question – an area considered in appropriate detail later. In addition, there is also no natural order or hierarchy. Inequality within a capitalist society is used to justify the way things are, but these are merely as transient as any other social construct. Socialists dare to dream of a better world based upon egalitarianism, fraternity and equality. This has long been part of its appeal and a source of criticism.

Equality

- a fundamental value of socialism
- the nature of equality and how it is critical to the state, society, the economy and human nature

The essentials:

Equality is undoubtedly the defining goal of socialism. The rallying cry of equality has been heard from many a socialist throughout the ages. However, we must be clear on the meaning of equality. Socialists favour a more equal distribution of wealth and income within society. This is in sharp contrast to liberals and to some extent conservatives who favour equality of opportunity (albeit for slightly different reasons).

With regards to equality, it is once again important to identify the distinctions between the various strands of socialism. Social democrats such as Anthony Crosland assert that all of us have an equal worth regardless of social background. A more even distribution of wealth via progressive taxation, a welfare state based upon universal benefits and a system of comprehensive education all help to achieve a more equal society. This moderate form of socialism seeks to empower the individual from the shackles of the capitalist system. Those further to the left believe that the state should play a more prominent role within the management of the economy. Only by a significant level of state involvement can we truly achieve an egalitarian society.

Democratic socialists reject the social democratic argument that the forces of capitalism can be tamed and therefore humanised. Capitalism is simply incompatible with the socialist goal of equality. The only shared ground between social democrats and democratic socialists concerns their support for the parliamentary path.
As a consequence of their particular world-view, Marxists take a fundamentalist position. Each stage of history has been characterised by class conflict, and it is only via the creation of a communist society that this conflict can end. We must take a great leap forward to create a classless society based upon communism. Crucially, the path towards socialism is unavailable under a parliamentary system dominated by the vested interests of the ruling class.

Extension material:

As one would expect, there is a robust critique of the socialist position on equality from both liberals and conservatives. Perhaps the most powerful argument at their disposal is that society can never truly be equal. Whereas equality of opportunity may be achievable in some form, any attempt to create an even distribution of wealth within society is contrary to our basic nature. The socialist shibboleth of equality means a levelling down whilst most of us want to get ahead in life. Ultimately, capitalism offers much greater opportunities for people to improve their living standards than socialism ever could. Measures that seek to impose equality are both illiberal and will undermine the incentive to work hard and improve our station in life.

Those arguments made in favour of a more equal society have enjoyed something of an intellectual revival in response to the credit crunch. In a collaborative work, Kate Pickett and Richard Wilkinson (2010) put forward a persuasive case in favour of greater levels of equality. Their theme is a simple one; equality benefits all members of society in terms of higher life expectancy, greater levels of happiness, lower levels of poverty and lower crime rates. Backed up by an extensive range of statistical data, they demonstrate that highly unequal societies suffer a lower standard of living than countries with a more even spread of wealth and income (most notably the social democratic approach of Scandinavian countries). More recently, the economist Thomas Piketty (2013) argues that wealth inequality will continue to increase because the rate of return on capital in developed countries is much greater than the rate of economic growth. Crucially, the market will not self-correct the situation as classical liberals believe. As such, the solution is a redistribution of wealth via progressive taxation on global wealth.

Social class

- a group of people in society who have the same socioeconomic status

In the Communist Manifesto (1848), Karl Marx and Friedrich Engels boldly proclaim that “the history of all hitherto societies is the history of class conflict.” They believe that the social classes can be distinguished between those who own the means of production (the bourgeoisie) and those who work the means of production (the proletariat). The means of production is a Marxist term which refers to those elements of the production process that can be legally owned such as land and machinery. Moreover, the means of production is both physical and mental. The former is focused upon economic resources whereas the mental means of production refers to how the media serves the interests of the capitalist elite (Miliband, 1973 & 1982). With regards to the latter, Marx perceived that “the ideas of the ruling class are in every epoch the ruling ideas.”

According to the socialist analysis of the economic system, the bourgeoisie have every incentive to pay workers the lowest wage possible (and offer the poorest working conditions) in order to maximise profit. If an employee refuses to accept this arrangement, they can be threatened with the sack and be replaced by members of the reserve army of labour. Work undertaken by the reserve army of labour is characterised by low-wages, low-status, little or no job security, zero-hours contracts and poor working conditions.

Under the exploitative conditions of the capitalist economic system, the surplus value of the proletariat is appropriated by the bourgeoisie. Marxists claim that this leads to an acute sense of alienation because workers do not benefit from the products being made. They become de-personalised from their own work and the fruits of their labour are stolen by the bourgeoisie. The interests of these two social classes are therefore in conflict. This represents a key area of disagreement between socialists and conservatives.
Whereas Marx compares capitalists to “vampires” and “werewolves,” conservatives emphasise the goal of social harmony based upon shared values.

**Extension material and application:**

Socialism also entails a rejection of the liberal assumption that the individual is somehow free to exchange their labour. In reality, the worker is little more than a cog in a heartless and brutal capitalist machine. He/she is reduced to the status of a wage slave in which their labour is exploited by the owners of capital driven solely by the profit motive. Under the capitalist system labour is bought and sold in a manner little different to how slaves were treated in feudal times. As such, the only solution to this wretched economic mess is radical change – a view best summarised in the provocative final words of the Communist Manifesto (“The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries, unite”).

The co-author of the Communist Manifesto, Friedrich Engels, argued that as capitalism operates via fluctuations in the economic cycle, it must have a permanent reserve army of labour. In the modern era, the reserve army of labour originates not just from the younger generation but those who toil away in third world countries. In an era of globalisation, multi-national companies can very easily outsource to those corners of the world where labour is cheap, working conditions are harsh and union membership is brutally suppressed by the police. Furthermore, the ‘rules’ of the global economy are fixed in favour of the owners of capital at the expense of the disadvantaged. In the contemporary era, the Washington consensus is a manipulative system designed to enable those with existing wealth to extract the most they possibly can from the oppressed and downtrodden.

**Workers’ control**

- this is concerned with the importance and the extent of control over the economy and/or state and how it is to be achieved

Democratic socialists advocate workers’ control on two grounds. Firstly, it will ensure a more equitable distribution of economic resources. Decisions will thereby be taken for the benefit of all members of the workforce rather than merely shareholders and CEO’s. Secondly, workers’ control will abolish class distinctions. Both are important goals within socialism and form part of a broader attempt to establish a society centred around equality and social justice. Democratic socialism is built upon the premise that the parliamentary route is the more effective towards socialism. It is based on the seemingly irrefutable argument that those who lack the means of production and property outnumber members of the bourgeoisie.

Workers’ control is also promoted by those on the far-left of the political spectrum. The Marxist analysis of society is embedded within an understanding of social class, most notably the twin concepts of class struggle and class consciousness. The former refers to the inherent struggle within a capitalist society between the forces of capital and the forces of labour. In the Communist Manifesto, Karl Marx famously argued that all hitherto societies were based upon class conflict. For instance, the transition from feudalism to capitalism marked a struggle between the landed aristocracy and the emerging middle-class. Class consciousness however is a term used to describe a stage under capitalism at which the proletariat becomes aware of their exploitation at the hands of the bourgeoisie. In doing so, a potentially revolutionary class of people emerges. Class consciousness eventually results in the replacement of capitalism with a system run for the benefit of the workers.

**Extension material:**

Marx’s emphasis upon social class has been widely criticised for its conception of social class as having derived from the means of production. Outside of the Marxist perspective the term is rarely used, and even neo-
Marxists have sought to modernise and modify the traditional classification between the bourgeoisie and the proletariat. For example, Barbara and John Ehrenreich (1979) claim there is a distinctive professional-managerial class consisting of salaried workers who do not own the means of production. Their function within the social divisions of labour is to reproduce the capitalist culture and class relations. They also claim there are three social classes rather than two.

It should also be noted that socialists as diverse as Anthony Crosland and Herbert Marcuse have long argued that class-based analysis of society is outdated. The world is far more complex than the situation that faced Karl Marx and Friedrich Engels during the Industrial Revolution. As such, the whole idea of a class struggle – and class consciousness – is intellectually bankrupt. As an alternative, revisionists such as Marcuse argued that the task is to liberate our consciousness from the materialism of the capitalist world. For those on the centre-left such as Crosland, only the parliamentary and evolutionary path is politically achievable. Crucially, this does not require an extensive programme of workers’ control.