

# Notes from Socialism 101

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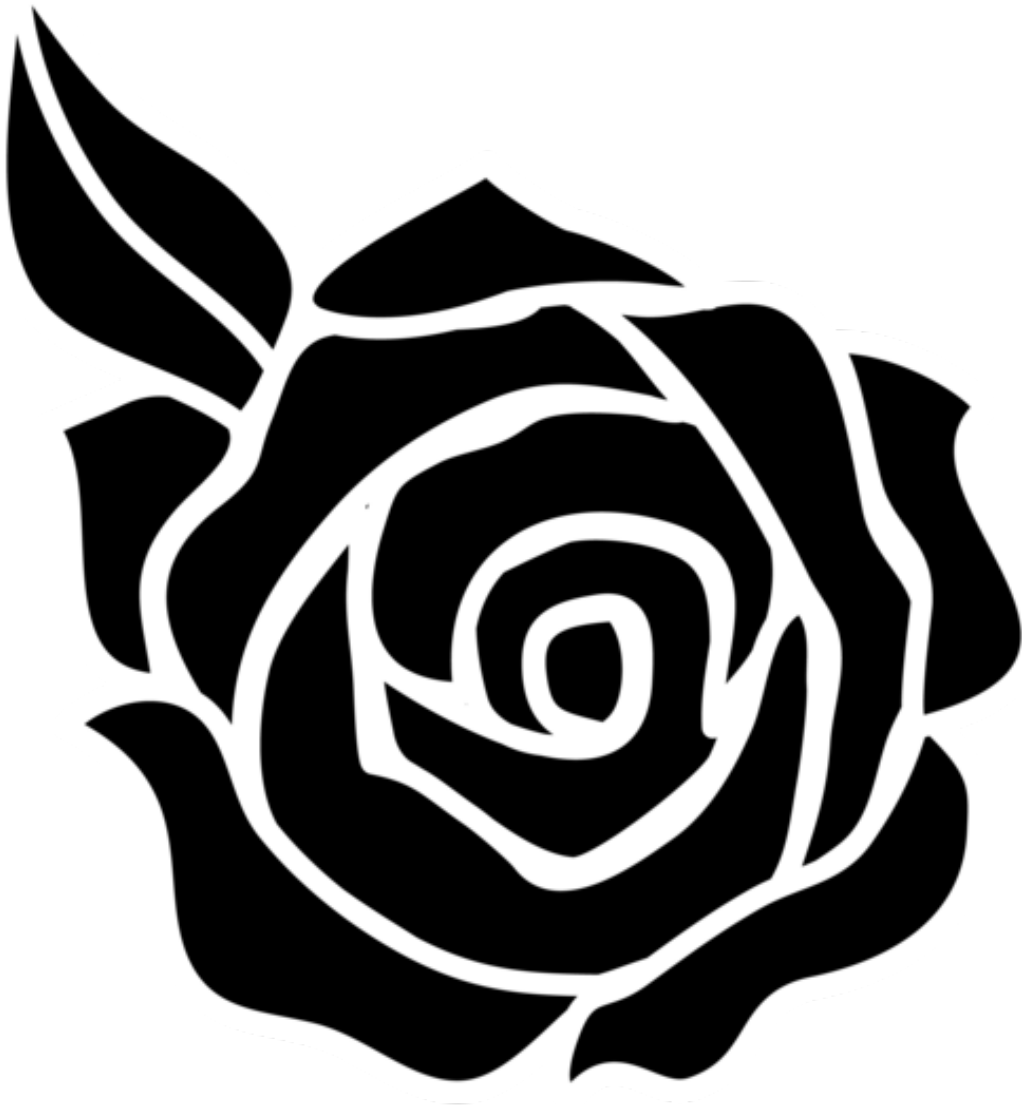
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Part I  
General



# 1 Capital

## 1.1 Re: Isn't it necessary to extract surplus-value?

Full question: *Isn't it necessary to extract surplus-value, as the employer has to pay others in the company, that, for example, did stuff like designing the product, selling the product, calculating the appropriate price et cetera?*

**amihart:** Paying wages isn't surplus. Surplus is things after wages. Things like designing the product, marketing the product, hiring the employees to run the store to actually sell them to customers, that's all already paid for in wages. Yes, you always have some surplus, things like maintenance cost or to expand the business, but also purchasing things needed for the business off the market. But that's not what the extraction of surplus value means, either. Let's say the revenue can be spent in three ways: (1) on the wages of the workers, (2) anything bought off the market needed for the business, and (3) things like maintenance cost and reinvestment.

If workers owned the means of production, they'd know exactly what to do with the money. After purchasing things you need and then reinvesting and paying for maintenance costs, you then would just have wages left over to pay the workers. But let's say a person owns the business privately. The workers work, they produce wealth, that wealth comes in the form of revenue. From which one of these three things will the private owner extract his profits from?

When the private owner decides how to distribute that wealth, he must pay maintenance costs or else the business will physically fall apart, the lights will go off, the paint will peel, the machines will break down, etc. In a competitive economy, he must reinvest, because if he cannot keep up with his competition, he will go bankrupt. He also must purchase things off the market needed for the business. If his machines need oil, his business can't run without the oil. If his workers need hammers, his business can't run without the hammers. So the only place left that profits can be extracted from is the workers. Why? Because the workers' wages are arbitrary, as long as they make enough in wages to pay for the things they need to survive, to pay for housing and food and whatever, they will come back to work each day, how much they work is also arbitrary, the hours can be changed, the speed they work can be changed, etc. This means the capitalist can artificially expand the surplus, reducing the wages of the workers as much as he can get away with, and then keeping that money for himself, without working.

Marxists do not argue workers can get paid the full value of their labor, there will always be a surplus. But when wealth that is produced collectively is appropriated privately, that surplus can be artificially inflated by reducing the wages of the workers, and that money is funneled to the capitalist, who did not labor for it.

This is kind of thinking about the problem backwards, starting from the rev-

enue, and then seeing that workers are being underpaid. But if you look at it from the other direction, if the capitalist was not profiting in the first place, then the business would need less revenue in order to run, meaning the workers could work less and still receive the same wages.

Workers require to buy things themselves to survive, to buy food, water, housing, etc. A minimum standard of living is covered by their wages, and so they have to work a minimum amount to survive to produce that minimum value. But they continue to work beyond that, to produce even more value, which is the surplus, which from that surplus, the capitalist extracts some for profit.

## 1.2 Re: Why are profits extracted surplus-value?

Full question: *If exchange-value (price) and value are two different things, why is profit equal to extraction of surplus value from your workers.*

**dollartegnfly:** First, exchange-value isn't price. Think of exchange-value as being "value realized at exchange". The capitalist can't know what 1 hour of labour in a commodity exchanges to without first exchanging it. In a society where there are only socks and golf balls, a producer of golf balls needs the market to figure out how many socks he can buy for 1 golf ball. So he goes on the market, and he sees that 1 golf ball might be equal in value to 100 socks. So 1 golf ball = 100 socks.

If now, both the golf balls and socks fall in value equally in proportion (i.e. the labour productivity of golf balls and socks each became faster i.e. you can now produce 1 golf ball in one hour instead of two, and you can now produce 100 socks in one hour instead of two) then 1 golf ball is still equal to 100 socks, even though they have both fallen in value - but 1 golf ball can still acquire the same amount of social wealth as before.

Conversely, if now only the golf ball fell in value and not the socks, then you would have 1 golf ball = 50 socks etc.

Price is generally anchored (subject to things like supply/demand etc.) to the exchangeable product value  $C'$

$$C' = c + v + s$$

where  $c$  is constant capital (materials and plant power),  $v$  is variable capital (labour power basically) and  $s$  is surplus-value of the commodity, i.e.

$$s = C' - c + v$$

Marx argues that, given some prerequisite materials or machines etc. i.e. constant capital, you can add labour to that, and it will rise in value, thus making it a product you can sell on the market. Finally the value  $C'$  is finally realized at exchange. Essentially, the raw materials and labour  $C = c + v$  turns it into

$$C' = c + v + s$$

Surplus-value isn't strictly equal to profit. Price generally fluctuates around the value in accordance to supply and demand. Something can be sold for lower its value, or something can be sold for higher its value etc.

But price isn't value. Value is a result of the expenditure of labour in society, and we don't have an infinite supply of labour in society, which is why it is interesting to point out that surplus-value doesn't come from selling above some arbitrary price, but rather that we allocated some of society's finite amount of labour into a given thing.

Value serves as a regulator for price but they can be abstracted due to other forces like supply and demand or monopolization (i.e. from price fixing etc.).

But Marx isn't really interested in finding out why things are priced the way they are. He's interested in figuring out the internal laws of capital. He asks questions like, "why do we allocate labour into different things, how much and so on". "Why do we distribute things the way we do". "Where does profits come from?" etc.

And it's honestly a very simple explanation. Money doesn't really have its worth because we "say" it does. It has its worth because it represents some expended labour, that we can use to get access to the product of that labour. If profits come from money, then it would make sense to say that profits come from labour. Simple. It's simply viewing society as a coherent "labour machine" and circuit. If you only look at the individual business and its relation to the market, then you can easily extrapolate that profits just come from selling above some specific price, but if you view society and its production as a totality, clearly that isn't the case.

As a retaliation to the labour theory of value, someone would bring up that aged wine is sold for exorbitant prices, but this is akin to debunking climate change reports by pointing out that there is snow fall. Marxism and its economics looks at the totality of things, it isn't really concerned with why lemonade shops sell lemonade for 3\$ in sundays, and 3.11\$ on mondays - the individual shop isn't what drives society, it is the labour and production process considered as a whole.

Furthermore, someone could relate to these explanations by pointing out that water is more useful than diamonds in a desert, and vice versa. However, Marx explained (based on the classical economics) that not only does a commodity have both a quantitative exchange-value and a qualitative use-value, but most importantly, that this is conditional and situational. The world isn't one big coherent society. You can't access the same social wealth or production process everywhere on Earth.

Use-value can in some ways be viewed as entirely irrelevant. Either you take society's labour and make a certain use-value, or you don't. The value of something isn't limited by how useful it is, it only matters that it is useful for

it to be valuable i.e. either something is useful or it is not. Air is extremely abundant, and it's extremely useful, yet the value of air is nil. Don't conflate exchange-value with use-value.

**amihart:** Qualitatively, the types of labor are very different and incomparable, chairmaking is very different from pizzamaking. Qualitatively, the resulting product has a very different use, one for eating, one for sitting. But when you trade on a market, you are not trading qualities, but quantities. How can  $1 \text{ pizza} = 20 \text{ grapes}$  or whatever, when they are qualitatively different? The only quantitative things they have in common is labor time, but since labor is qualitatively different, it's only abstract labor you are comparing, just the amount of abstract labor time, ignoring the differences in the labor itself. So use-value is the expression of the qualitatively different forms of labor, while exchange-value is the expression of the quantitatively different amounts of abstract labor time.

Now, where does money tie into all of this?

if  $1 \text{ pizza} = 20 \text{ grapes}$ , I would have to find someone willing to trade 1 pizza for 20 grapes. In reality, that would be difficult, two people just happening to want the same things. So I'd need to do a series of trades, maybe trade 1 pizza for 100 paper clips, then the 100 paper clips for 1 book, then 1 book for the 20 grapes.

That would be pretty inefficient economic system. But if, let's say, we express the amount in gold.  $1 \text{ pizza} = 0.01 \text{ gold}$  and  $20 \text{ grapes} = 0.01 \text{ gold}$ . Rather than having to do all these complicated trades, I can just give my pizza to whoever wants it for 0.01 gold, then give that 0.01 gold to the grape guy for his 20 grapes, and then he can just use the 0.01 gold to buy a book.

Gold just stands in as a "universal equivalent", as in, everyone is willing to trade that, so you don't need to make all the complex trades. Moving specie around like gold is difficult because it's heavy, so keeping it all in a central place, and then just representing it by a token, is more efficient, i.e. you then get paper money.

Of course, today we are no longer on the gold standard, so it gets a bit more complicated, but that's where money arose in the first place.

There is an underlying assumption beneath the fact that money, and thus price, represents exchange-value. Could business owners not just set prices however they like, regardless of the value?

No, exchange-value is determined by the average socially necessary abstract labor time needed to produce the commodity. Prices, or "market-value", are influenced by supply and demand, but businesses are always striving towards an equilibrium, that equilibrium is the exchange-value, but the exchange-value and market-value usually are slightly different just because of random fluctuations and such.

People can't raise the price to whatever they like because of competition. If you can produce something for \$20 yet decide to sell it for \$1000, then someone will just undercut you and you'd go bankrupt. Nobody would buy from you.

Competitive markets are always striving for an equilibrium point for supply and demand, supply and demand itself can't tell you prices because it's relative. Supply goes up, prices go down, demand goes up, prices go up. But up from what? Down from what? It's all relative, so it tells you nothing. The equilibrium point is fixed, though, by value, which is an absolute amount, and thus serves as a regulator of price.

To finish, how is profit = extraction of surplus-value?

If I buy something for \$20, then sell it for \$20, I make no money. If I buy something for \$20, sell it for \$25 just by ripping someone off, then no new money is created in the economy, I just screwed someone over. Screwing people over can't create new value, it can't grow an economy, it just shifts money around.

The only way the economy can grow, and also extract surplus, is if you had a special commodity that increased in value when you purchased it. And that commodity is labor power. The labor power of a worker has a certain exchange-value because they must purchase a certain amount of commodities as a means of subsistence, to maintain their lifestyle. Let's say you need \$2000/month to maintain a basic standard of living, that's how much your labor power will be worth.

But if a capitalist purchases your labor power, they aren't simply going to have you work until you produce \$2000/month worth of commodities. Because if they sell what you created for the same cost they purchased you for, they will not make any more. They will continue working you even longer, so you will produce far beyond that, which is a surplus. You are still paid for your labor power, but you continue to work beyond that payment, and so they may purchase you for \$2000/month, but then sell what you create for let's say \$5000/month.

Human labor power is a special commodity that grows in value. During primitive hunter-gatherer times, human labor power was so inefficient that they could not produce above their own means of subsistence, meaning there was no surplus leftover for paying things like management, government officials, etc. Human society thus was only able to arise with a certain economic development allowing for this, which was the agricultural revolution.

But humans still barely produced above their own labor power, so modern capitalism didn't take off until the industrial revolutions which made human labor way more productive. So surplus is the amount of value added onto something due to human labor, after they have worked enough to cover their own means of subsistence. The capitalist intentionally drives this surplus up, having them work longer, and trying to underpay them, so they can keep a chunk of it.



Obviously means of subsistence is a bit subjective, so this is why Marx describes human labor power as variable capital. It's a very flexible amount, since you can alter the amount of time the work per day, how "fast" they work, etc, and workers will always insist their labor power is worth more, while the capitalist will always insist it is worth less. This is opposed to constant capital which are just things with a fixed exchange-value because they are purchased on the market, like if a business needs oil for their machines they might just buy it from an oil supplier, but it doesn't grow in value.

### 1.3 Re: What is Lenin's definition of Imperialism?

The following excerpts

If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism. Such a definition would include what is most important, for, on the one hand, finance capital is the bank capital of a few very big monopolist banks, merged with the capital of the monopolist associations of industrialists; and, on the other hand, the division of the world is the transition from a colonial policy which has extended without hindrance to territories un-seized by any capitalist power, to a colonial policy of monopolist possession of the territory of the world, which has been completely divided up. — Lenin, *Imperialism: The highest stage of Capitalism*

And another interesting one (not by Lenin)

Modern imperialism is the social-economic policy of finance capital tending toward the creation of the most comprehensive economic territorial entities and world empires possible. It is characterized by the tendency to supplant free trade decisively with the system of protective tariffs and to subordinate economic life completely to the great monopolistic combines, such as the trusts, cartels, banking consortia, etc. Imperialism signifies the highest stage in the development of capitalism, in which not only commodity exports but capital exports as well occupy a place of quintessential importance. It characterizes an epoch in which the world is partitioned among a few great capitalist powers and in which the struggle proceeds along the lines of repartitioning it and partitioning the reminding areas, in which the economic prerequisites for the realization of socialism have matured in most of the advanced capitalist countries and in which the national state barriers hinder the future development of the productive forces, in which the bourgeoisie seeks to obtain a postponement of the approaching collapse of capitalism by means of its colonial policy and by means of bloody wars. — Zinoviev

### 1.4 Boom-bust

**amihart:** Marx argues that boom-bust cycles are inherent to industrialization in of itself. In very simple terms:

Let's say Company A, B, and C are all producing commodity X for Y dollars. Company A figures out a way to make the production process cheaper, he invents some new technology or something. This allows him to sell X for a new price, Z, where  $Z < Y$ . Now everyone buys from Company A instead of B and C because he is selling it cheaper.

Company B doesn't understand how A did it, and B ends up going bankrupt. C invests a lot into research, figures out how A did it, and implements the same new technology. Now C can also drop its price to Z, and now A and C are in equal competition again.

While Company B was kicked out of the market, Company A just screwed himself. Now he has to sell X for price Z which was lower than Y, but he also does not have the benefit of having any advantage over his competition. Not only this, but in order to lower the price, he has to invest in new machines and technology, so now he has a greater investment yet lower price.

Company A and C's businesses will be less profitable than they were before in proportion to their cost of production. If A, let's say, managed to absorb B into itself when it went under, then Company A would have a greater absolute profit, which would give it a better ability to stay afloat, and could also give it more wealth to repeat the process, lowering the price of X again to kick C out of the market, and C would be less able to fight back, and A would eventually be able to absorb C.

But in this entire process, prices are constantly being lowered, while investment into new tech keeps on increasing, making it more and more difficult for anyone to enter the market because it is just less and less profitable to run a business, and unless you have a monopoly like A does you'll have a hard time competing. That's kind of an oversimplified explanation but yeah the video explains it better in math terms

Well most of Marx's economic theories are focusing more on value than supply and demand (i.e. the price when supply and demand are at equilibrium) which is more so tied to the inherent cost of production (in terms of socially necessary average labor time). The price doesn't really go down "artificially", the investment of new "constant capital", i.e. new non-human labor like machines and tech, increase the productivity of labor, which is the same thing as decreasing the value of "variable capital" (human labor).

It might seem weird to say greater labor productivity = labor is worth less, but think of it this way: if it takes 1 hour to produce 1 hamburger, and a new machine is invented that lets you in 1 hour produce 100 hamburgers, then the amount of time it takes to produce a single hamburger has dropped from 1 hour per hamburger to 0.01 hours per hamburger. The "value" of a single hamburger is lower because it's much easier to produce it (and typically its price will drop accordingly).

Prices are dropped because the cost of the investment into this new constant

capital is lower than the amount the value of labor drops by.

If let's say the cost of production is

$$C = c + v$$

(constant plus variable capital, i.e machines + humans), then investment into new technology would give us a new cost of production,

$$C' = (c + p) + (v - q)$$

, where  $p$  is the cost of the new technology and  $q$  is the drop in the cost of human labor inputs. For this investment to make sense,  $C' < C$ , in other words, the cost of production decreases, and for this to happen,  $q > p$ , or, the new productivity of human labor more than compensates for the cost of the new technology.

So prices are not dropped "artificially" but the commodity in question is now inherently less

To give another model of this in effect: As we saw, when profits get too low, companies will go bust, and then the larger companies can buy them up, leading to a wave of monopolization. Let's say you again have two companies A and B with a certain amount of revenue and and a certain percentage of that goes to profits.

Company	Revenue	Profit rate	Profits
A	\$100k	50%	\$50k
B	\$100k	50%	\$50k

Let's then say the profit rate drops to 25%.

Company	Revenue	Profit rate	Profits
A	\$100k	25%	\$25k
B	\$100k	25%	\$25k

Now let's say the shareholders demand at least \$30k or else they will pull out. Both companies will go bankrupt. Unless they consolidate.

Company	Revenue	Profit rate	Profits
A+B	\$200k	25%	\$50k

Meaning, half the shareholders get kicked out, they have the amount of profits they need to pay the other half, even though the profit rate has cut in half. So consolidation helps to keep companies afloat, by eating up other companies to keep the profits high even as the rate of profit declines.

## 1.5 Re: What are real, nominal and relative wages?

**maheen:** Nominal wages are the wage in terms of a currency. Real wages are wages in terms of their purchasing power. Relative wages are wages in relation to the surplus value extracted by the capitalist.

## 1.6 Re: Why do wages not match rising productivity?

**maheen:** As time goes on, and the division of labor is greater along with automation, firms experience a greater amount of development in their productive forces. As a result of this, the productivity continues to rise over time. However, with this rising productivity coupled with automation, it leads to a decreased amount of profits. This is because the value of a commodity produced is a sum of constant capital, variable capital, and surplus value. The constant capital goes up as a result of the automation, and variable capital and surplus value go down as workers are spending less time to produce the equal amount of a commodity, previously impossible without the current state of the productive forces. In order to maintain the profits, the capitalist has to suppress the wages of the worker, and increase the portion of the surplus value they get to keep themselves. So as a result, over time we see a stagnation of real wages when compared to the productivity.

**amihart:** Workers don't own the means of production. New means of production are invested in specifically to undercut competition by dropping prices. Dropping prices means innovating, finding new technology and machines to produce things faster. Therefore, by necessity, larger capitals destroy the smaller. Over time, capital becomes concentrated into fewer and fewer hands, and those hands are the hands of not the workers, but the capitalists themselves. So why would workers see the benefits of greater advancements in the means of production?

## 2 Class

### 2.1 Re: Is the peasantry like the proletariat?

Proletariat

- Don't own any means of production
- Engaged in wage-labour

Peasantry

- Work the land
- May or may not own the land they work (although land was often under the ownership of whatever relevant landowner there was, the state, a lord etc., peasants were/are also technically able to become landowners, and it's also within their class interest to become a landowner, as they're able to get the entire yield of their labour, not subject to expropriation by the lord or state - peasants are often also renting land to work)
- Whilst tied to a portion of land (pretty much permanently) they could (and often did) own their means of production

The "peasantry" has also developed to mean different things. Countries like India e.g. has a peasantry with roughly the same aspirations as those listed above (and as most countries do, a sort of "rural" petty bourgeoisie i.e. "farmers"). First they have the emerging "capitalist" group of rich peasants with a considerable holding that chiefly do supervision of other peasants working their land. Then there's the regular landowning peasants, who generally just cultivate their own land (often with their family) and keep their yields. Lastly, there's a very large poor peasant group that have to rent land or work other's land, apart from whatever little land they may own themselves.

Proletariat and peasants might have some similar characteristics, but they're not the same, and their class interests don't always overlap to benefit either sufficiently.

### 2.2 Re: Is the class dictatorship of a country always clear?

**amihart:** It isn't very dialectical to think of the DOTB and DOTP as rigid categories. There are always separate factions fighting for state power, just one has a pretty clear domination of it. Some European countries sat right next to the USSR had very large communist movements that managed to expand some worker power a bit, through things like large unions and codetermination laws.

But even then this legislation did not put workers on top. Most power was still held by the bourgeoisie, codetermination laws typically stop at just under 50% and some even less, media still controlled by the bourgeoisie, there is still large wealth inequality with the bourgeoisie controlling most wealth, and thus

political power.

Hence why even the social democracies that got the most gains for workers still have been facing massive austerity and cuts and rollbacks to everything they have achieved ever since the 90s, because none were a DOTP, they just expanded some worker control within a DOTB, but did not get rid of the bourgeoisie.

## 3 Non-Marxist Socialism

### 3.1 Re: What countries have the best healthcare?

**Ham the Dam:** Scotland, Cuba, France or (and especially) any of the Scandinavian Countries.

Usually when Americans specifically want to demean socialized healthcare they point to the NHS in England. However they don't acknowledge when Blair tried to reform it into a competitive business structure in a country where there are no healthcare businesses to compete with. That and the lack of funding while inflation rose is why many folks have had bad experiences with it. However most English folk would tell you they'd rather keep the NHS as it is than have privatized healthcare.

But I'll give you another example. French Healthcare isn't as a divided issue, all parties support it as a means to the good welfare to all in France. And its understood to be a service that everyone will get something out of, for example, if you give birth the French Healthcare system will assign a Nurse to take care of your newly born child for 2 months (As this is the most intense period) which helps not only if you have not much experience but also you can continue working at your job if need be (which shouldn't be an issue as France has Maternity leave).

Socialized healthcare must go with other policies to work out, so a revamp of the entire welfare system is necessary to implement socialized healthcare and the net benefits are countless. Just as an aside Scotland has its devolved power for Healthcare so it just expanded and improved upon the NHS in Scotland keeping it as a system of welfare. All while the Conservative government that has been in power for 10 years have been virtually stripping away such Healthcare (by not increasing funding with inflation) or removing other benefits tied to the NHS.

### 3.2 Re: What is Market Socialism?

**amihart:** Co-op based "socialism" replicates every flaw of capitalism except that workers might have slightly better working conditions. It will still have to generate a surplus above and beyond what is necessary to compete with other businesses, and it wouldn't really be voluntary because workers have to do it or face bankruptcy, it will still have to disregard externalities like environmental damage to do this. They will have to effectively exploit themselves in order to produce "profits", and by doing so, replicate all the same problems as traditional capitalism. It will still suffer from a boom-bust cycle as there will be a falling rate of "profits" due to industrialization. There will still be contradictions between exchange-value and use-value and alienation. Worker co-ops that "exploit themselves" the most, who pay themselves the least to maximize these "profits", will be the most successful. This means that there will be an incentive to return back to private ownership. Hierarchical corpo-

rations are simply better at extracting profits because the workers don't get a say. There will be massive pressure and incentive for businesses to break the law and arrange themselves in a private way to be more competitive. You also will still have huge problems with wealth inequality, because not all wealth comes from exploitation. You will still have problems with certain corporations buying off the government. And with the incentive to return to private ownership, it likely just eventually will. Co-op based socialism is just slightly better capitalism that probably will inevitably just develop back into regular capitalism.

### 3.3 Criticism of Democratic Socialism

**amihart:** "Democratic socialism" has had a lot of different meanings throughout history.

1) At one point it was a rejection of centralism. The argument for centralism, an economy subject to a "common plan with the participation of all members of society" (as Engels put it) is a natural consequence of industrial development. Marx's whole argument for socialism hinges on his analysis of capitalism in *Capital* which shows that industrial development inevitably leads towards centralization, and capitalism is based in competition, therefore capitalism cannot be a permanent system.

The argument of historical materialists is that capitalism lays the foundations for socialism, therefore socialism is inevitable. People who argue for decentralization are arguing for something different, which makes no sense. I don't see how you are going to decentralize enormous things like Google or Samsung.

Sometimes critiques of centralism are just a caricature of it, like acting like there are no local governments and one guy decides everything, which is not at all how it works.

2) Sometimes "democratic socialism" means to achieve socialism by democratic means, i.e. reformism.

There are a lot of critiques of reformism, but the basic idea is that almost all of society is controlled by capitalists, not by the government. The GDP and all employment exists almost entirely in the private sector. The government typically does not even own much industry, but relies on taxation from the private sector to sustain itself.

Meaning, it's not the government in capitalist societies that hold the power, but the capitalists. They wield that power to control the government, to buy elections, to push their agenda, etc. A socialist transition would require removing power from the capitalists. But the government is controlled by the capitalists, so this just can't be done.

Obvious example of Chile, where someone was elected who tried to do that, and the capitalists all go together and opposed the government, and the gov-



ernment ultimately fell.

3) Sometimes "democratic socialism", especially in the US, is just social democracy.

Social democracy is still capitalism. It has almost all the same problems. And historically, social democratic policies have come as concessions to strong communist movements, and when those communist movements fell apart, there has been an attempt to dismantle those concessions.

## 4 China

### 4.1 Re: Why did the Mao era famines happen?

**amihart:** China was already an extremely famine-ridden country. Mao took power in 1949. From 1900-1948 China averaged about 800k people dying of famine per year. Of course, when Mao took power, he couldn't just magically fix problems overnight, so you still had one last famine. That's not to say bad policy didn't contribute to it at all, it did, but they were a poor country, it's not like the CPC had access to top-of-the-line agricultural scientists, they were just kind of winging it. Like Mao say sparrows were eating the crops, so naturally he said just kill the sparrows, which ended up being a bad decision and messing with the ecology.

### 4.2 Re: Chinese capitalism brought people out of poverty

**amihart:** Capitalism can create growth but only under certain conditions, primarily being (1) it is a developing country (see how the EU has not had growth in 12 years), and (2) it is not neighbouring a wealthier country (see how developing countries around the US, like in Central America and the Caribbeans, remain poor).

The first point has to do with the falling rate of profit leading to a shift away from productivity into finance, causing GDP to stagnate, as well as the inevitable centralization/monopolization of industry, leading to less innovation and need to invest in GDP growth in general. The second has to do with imperialism. Capitalism means, "everything is up for sale to the highest bidder". If you are a poor country next to a wealthy country, inevitably, that wealthier country will always be the highest bidder, and will effectively just turn you into a colony.

China was one of the poorest countries in the world, but managed to achieve growth through capitalism only because it initially had a stage of socialism to overcome the second problem. But there is no reason why switching back to capitalism was necessary. Under Mao, GDP growth was higher than it is in China today. At most, all the capitalist "reforms" did was add some stability.

But China is becoming developed, and now they are facing the same problems as western countries. Their growth is slowing, and they are looking to export their capital. But the US already controls the globe, so their attempts at exporting, currently to Africa, has already ran into conflicts with the US. The inevitable result is China's economy will become unstable, stop growing, and eventually collapse, or it will have to force expansion, i.e. start a war.

All this is to completely ignore the problems with capitalism in of itself outside of raw GDP growth, like the sweatshops and stuff in the country and ballooning medical debt problem. Capitalism can create growth, but there was no reason it was necessary, it caused an enormous amount of unneeded hardship,

and will inevitably stagnate, crash, and/or lead to regional conflicts and potentially war. That's why pointing out that capitalism can create growth isn't really an argument in favor of China being capitalist, and that argument is even weaker today given how developed it is.

## Part II

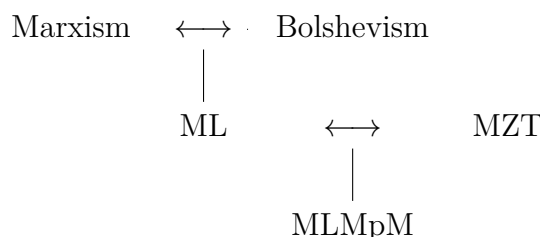
# Marxism and similar schools



# 5 Maoism

## 5.1 Synthesis of Maoism

**DevilType:** In Marxism, theory progresses into new stages dialectically. This is called the theory-praxis-theory dialectic, and it works like this (where | represents synthesis, and  $\longleftrightarrow$  represents contradiction):



It is important to understand contradiction and synthesis. Firstly, when we say contradiction, we mean it in the dialectical sense not the conventional sense. Secondly, whenever a theory is applied to new material conditions, it meets new questions to answer and thus makes advancements in theory by answering those questions, sometimes these advancements are qualitative and quantitative leaps in theory which are universally true or universally applicable, this then necessitates that these universal elements of a theory applied should be synthesised which means: the codification, simplification, systematisation, and establishment of the aforementioned universal aspects as a new 'ism' or stage of Marxist theory.

In the early 1900s, after Friedrich Engels synthesised the theory of Marxism in 1878, Vladimir Lenin led the Bolshevik party and applied Marxism concretely to the unique material conditions of Russia, which manifested itself in the party's guiding thought or theory; Bolshevism. Through this application, numerous advances in theory were made by Lenin through Bolshevism. In 1924, Joseph Stalin synthesised the theory of Marxism-Leninism. Essentially, he took the universal aspects of Bolshevism (the aspects which are universally applicable) and he simplified, codified, systematised, and synthesised them into Marxism-Leninism.

Then, during the Chinese Civil War, Mao Zedong, who came to lead the Communist Party of China, applied Marxism-Leninism concretely to the unique material conditions of China. This manifested itself in the CPC's guiding thought; Mao Zedong Thought.

In 1982, Chairman Gonzalo, who is the leader of the Communist Party of Peru, synthesised the theory of Marxism-Leninism-Maoism, principally Maoism. He took the universal aspects of Mao Zedong Thought, and then recognised, systematised, simplified, codified, and synthesised them into Marxism-Leninism-Maoism, principally Maoism. Why do we insist on saying principally Maoism?:

Because, for Communists in countries that have yet to initiate Revolution

or People's War, the thing that is principle when applying theory is Maoism.

This is not case in say for example Peru, the PCP has through the concentric construction of their Party and the building of People's War manifested their application of MLMpM in the guiding thought of Gonzalo Thought, for them it is applying Gonzalo Thought which is principle.

## 6 Socialism and communism

### 6.1 Re: What is socialism?

**amihart:** Engels defines it this way

What will this new social order have to be like? Above all, it will have to take the control of industry and of all branches of production out of the hands of mutually competing individuals, and instead institute a system in which all these branches of production are operated by society as a whole – that is, for the common account, according to a common plan, and with the participation of all members of society. It will, in other words, abolish competition and replace it with association.

The Marxist argument is not that socialism is inherently "better" but that it is inevitable as a development of industry.

Competition becomes transformed into monopoly. The result is immense progress in the socialisation of production. In particular, the process of technical invention and improvement becomes socialised. This is something quite different from the old free competition between manufacturers, scattered and out of touch with one another, and producing for an unknown market...Capitalism in its imperialist stage leads directly to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation. Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognised free competition remains, and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable.

The contradiction is between socialized labor (workers working under a single firm under a common plan) and privatized appropriation (a single person or handful of people controlling how the wealth from that firm is distributed).

These contradict with each other, the development of industry makes this contradiction more extreme by monopolizations and destroying the foundations of capitalism itself. The inevitable end result is a new economy that is no longer compatible with the laws of capitalist government, and they'd need to be changed for one to accommodate the new conditions, a society that has both socialized labor and socialized appropriation, to solve the contradiction.

### 6.2 Re: How would public ownership look like?

**amihart:** In capitalism, corporations have employees, a board of directors, and shareholders. The board of directors writes up the plan, the employees

carry it out, and the shareholders simply "own" it. The board of directors under capitalism are directly elected by the shareholders, where 1 share = 1 vote, so the board of directors are accountable to the shareholders, and operate in their interests.

Under socialism, just think of it as, there is no shareholders, so the workers elect the board of directors, either directly within their workplace, or indirectly through representative appointment. Since the whole economy would be controlled through public ownership, workers would also be much more involved in the political process at all times than they are under capitalism, where they vote once every 4 years then never interact with politics again until the next 4 years. Look up participatory democracy.

What stops someone from stealing the MoP or abusing their ownership? If I decide to just steal someone's private property under capitalism, they just have to call the police. They enforce private property rights, so they will use force to stop me. Same with socialism, there will still be law and enforcement of the law.

Here is a little thought experiments.

Some guy can own a factory, but never visited that factory in his life, never even seen it, but millions of dollars can be skimmed off of the wealth produced by the workers and sent overseas to him. The workers may think, why are we sending this random person we never saw before our hard-earned wealth? So they may decide, fuck that guy, we aren't sending him anymore money.

The capitalist then can go to the police, ask them to do something. In a capitalist state, the capitalist is in the right, and the police will come in and arrest the workers. In a socialist state, the workers are in the right, and the capitalist would have no legal claims to the factory since he is not a worker in it.

Ownership ultimately comes down to the right of appropriation. You can work in a company without owning it, but appropriating the revenue from it is exclusively the right of the owner. In a modern corporation, the board of directors decides how revenue is appropriated, how much is paid to shareholders, how much is reinvested back into the corporation, how much is paid to the workers in wages. And under capitalism, the board of directors is elected by the shareholders as their representatives, meaning appropriation is ultimately controlled by the shareholders.

Under socialism, you have collective ownership because appropriation is controlled collectively, because economic plans are made typically by representatives elected by the workers. There is no distinction between worker and owner, they become one in the same, and the planners have to report back not to capitalists, but to the workers, who elected them, and can recall them at any time. So the planners must plan according to the desires of the workers and not shareholders.

That means workers control appropriation and not capitalists.



### 6.3 Re: How do DOTPs handle administrative hierarchies?

Full question: *How could a DoTP effectively be able to deal with the formation of an administrative hierarchy which holds a great amount of centralized authority? This seems to be one of the main criticism of the USSR that I've heard and democratic centralism in general.*

**amihart:** In *Critique of the Gotha Programme*, Marx writes

There remains the other part of the total product, intended to serve as means of consumption. Before this is divided among the individuals, there has to be deducted again, from it: First, the general costs of administration not belonging to production. This part will, from the outset, be very considerably restricted in comparison with present-day society, and it diminishes in proportion as the new society develops.

Administration still exists under socialism, but not as much, I doubt if you added up all the business managers in the USA at the time they would exceed the amount of government managers in the USSR.

But the more important point here is that it diminishes in proportion as the new society develops. I have a hard time imagining socialism in underdeveloped conditions not having any sort of bureaucracy. When things are so underdeveloped, there are less standards, more things are done by hand, less things are streamlined, etc, it's less efficient and requires much more management.

I would think bureaucracy in of itself is something you would have to slowly do away with over time, and there is not some magic bullet the USSR could've used to not have it.

Assuming underdeveloped socialist countries will necessarily have some bureaucracy, I think the main point you are getting at is how do you have checks on that bureaucracy to make sure it still represents the workers.

Marx writes in *The Civil War in France*

The police, which until then had been the instrument of the Government, was at once stripped of its political attributes, and turned into the responsible, and at all times revocable, agent of the Commune. So were the officials of all other branches of the administration. From the members of the Commune downwards, the public service had to be done at workmen's wages. The privileges and the representation allowances of the high dignitaries of state disappeared along with the high dignitaries themselves

Revocability of not just representatives but even the police at any given time, as well as public officials not being paid more than the average worker, would seem to help prevent opportunism. Over time a gap did grow between bureaucrats and workers, and I'm not sure if police could actually be revoked. The

constitution says deputies can be revoked but the police itself also should be able to since the police can place pressure on the workers to hold a political line.

In Cuba, most deputies are not even paid wages at all, it's purely volunteer work, which helps prevent opportunism. There is also a lot of community policing, which both keeps the crime rate very low and lessens the need for a top-down bureaucratic police force, and makes it easier to resolve issues locally.

I think how closely the party was married to the state made it a bit difficult to actually in practice revoke top party members. Like I don't think even if the people wanted to, they practically could've voted out Gorbachev. In my view, the party and the state should be separated, the Party shouldn't have any real legal power in of itself.

It is not the role of the Party to be the socialist state, but to construct one, meaning once it does, it eventually needs to step aside and hand complete power over to the parliament.

But in the end, while I think a better political system would've helped, the problems couldn't have like been completely done away with. Many were inherent to its conditions. On top of what Marx said, you also had the constant western pressure and threat of counterrevolution, leading to a "siege mentality" which causes most states to strive for more national unity in order to remain stable, which inherently tends to mean more control, less social freedom. The relation between economic development and "democratization" is pretty well established phenomenon, so its a bit predictable it'd struggle with these issues while still a developing country.

## 6.4 Re: How would a moneyless society operate?

Full question: *How would a moneyless society operate, as in how would you hold people accountable for only taking what they need or getting luxury items and such? Second if there was a full abolition of money, where there wouldn't be any item, such as a note, that has worth to be exchanged for needs and wants. If it would operate in mutual trust to not abuse when everything is "free" and abundant or there would a sort of exchange between those items to take place of the role money plays today*

**amihart:** For socialism. money ceases to exist not because of some laws that "hold people accountable", but because the means of production are owned publicly, so money loses its ability to purchase capital, and thus the circuit of capital associated with money dies out. Money ceases to be "money" and moreso just becomes a tool for accounting, for making sure people take out of society the same amount they put into it. For communism, you would not even have this sort of accounting needed, because you'd have post-scarcity. People could take what they need without accounting as you'd have it in abundance. I don't know what you mean by luxury items, communism doesn't mean people can't have nice things. You generally would not have to regulate people, either. I don't have a water bill, it comes out of my rent, I can use as much

water as I need without any extra payment. Yet, I don't just turn on my shower and all my faucets and let them run 24/7 just to use as much water as I want. When people have something in abundance, and can take from it what they need, they typically do not just pointlessly take it all. Cases of people intentionally trying to sabotage things would be rare enough for communities to deal with them locally, and things would exist in such abundance that the rare instances of this would not create issues.

For communism (the moneyless society) there wouldn't be an exchange of anything. Like no one can sell you air because it's so abundant you just breathe. When we become more and more efficient at producing things, prices always come down, the natural end point is eventually things will be too cheap to sell them at all under capitalism, or, in a socialist society, so cheap you can just distribute them freely with no issue. If we are in a socialist society, the means of production would be owned publicly, so things would not only be in abundance but there would be no barrier for people then taking from that abundance. They wouldn't exchange, they'd just take according to their needs. Until you have post-scarcity you need some sort of accounting, though.

## 6.5 Re: How will artists make their living in socialism?

**amihart:** What you get out of it is that you can produce art without having to sell your labor power to a capitalist or sell anything on a market. You don't have to "commodify" your art and can just make the art you want to make. Doesn't even need to be communism, we already see some of that in socialism.

As much as the government of Cuba can, they try to provide constant employment for the artists and there is a lot of support for the arts. You go to other countries, even the United States doesn't have a ministry of culture, it doesn't exist, so artists have to sell their arts and they have to be dominated by the dictatorship of commercial arts. Now in Cuba, as soon as I saw we're free from that, then what is the thing that dictates what I have to do? My own heart. — Pablo Menéndez, musician who left the US to become a permanent resident in Cuba

## 6.6 Democracy in communism

I find this quote explains it well

Only in communist society, when the resistance of the capitalists have disappeared, when there are no classes (i.e., when there is no distinction between the members of society as regards their relation to the social means of production), only then "the state... ceases to exist", and "it becomes possible to speak of freedom". Only then will a truly complete democracy become possible and be realized, a democracy without any exceptions whatever. And only then will democracy begin to wither away, owing to the simple fact that, freed from capitalist slavery, from the untold horrors, savagery, absurdities, and infamies of capitalist exploitation, people will gradually become accustomed to observing the elementary

rules of social intercourse that have been known for centuries and repeated for thousands of years in all copy-book maxims. They will become accustomed to observing them without force, without coercion, without subordination, without the special apparatus for coercion called the state. — Engels

I've included the following anarchist perspective, mainly because it's useful to see these two next to each other

In other words, anarchism is not so much a political doctrine as it is a way of life based on three basic points: freedom, respect and responsibility. We are not afraid of the freedom of others; we do not believe that “man is a wolf to his fellow man,” as Hobbes said, nor that competition drives “humanity” to progress, causing everyone to make their best effort. We simply think that given equal conditions people are able to organize without anyone's arbitration, and without being directed by anyone. This idea does not at all mean that we are all equal; we love differences, and no two beings are equal anywhere in the universe. We do not wish to homogenize anything, or to impose on anyone what their life should be, and simply do not want anyone to impose on us either.  
— United Anarchist Groups

## Part III

# Quotes and excerpts

