This lecture asks why socialism arose, what Marx argued, how communism and social democracy diverged, and what their records show.

Socialism arose in the early nineteenth century, as factories, cities, and the wage system transformed life.

- Workers faced long hours, low pay, and dangerous conditions, while owners grew rich.
- Early thinkers such as Robert Owen in Britain, and Henri de Saint-Simon and Charles Fourier in France, proposed cooperative communities and planned production.

Socialists generally believe that inequality and private ownership of the main means of production produce injustice.

- They hold that society should organize the economy for the common good.
- They differ on how: by revolution or by reform, through state ownership or through cooperatives, with a central plan or without one.

Karl Marx and Friedrich Engels gave the movement its most powerful theory.

- Their Communist Manifesto, published in 1848, opened with the claim that the history of all hitherto existing society is the history of class struggles.
- Marx's major work, Capital, appeared in 1867.

Marx's view of history is called historical materialism.

- The way a society produces goods, he argued, shapes its laws, politics, and ideas.
- Under capitalism, he said, the owners of capital, the bourgeoisie, exploit the working class, the proletariat, by extracting surplus value: the difference between…

Marx predicted that capitalism's crises and the growing organization of workers would lead to revolution, a transitional state, and eventually a classless society without exploitation.

- This is what he meant by communism.
- He wrote little about how that society would run, which later left much to his followers.

Marx's analysis influenced scholars of every kind, including many who rejected his politics.

- Critics note that his predictions failed.
- Wages in advanced economies rose instead of falling, the middle class grew, and revolutions came in agrarian countries such as Russia and China, not in industrial ones.

Socialists split over strategy.

- In 1899 the German Eduard Bernstein published Evolutionary Socialism, arguing that socialism could come through democratic reform without revolution.
- Others, notably Vladimir Lenin, insisted that only a disciplined revolutionary party could overthrow the capitalist state.

In Russia, Lenin's Bolsheviks seized power in October 1917, by the old Russian calendar.

- They won a brutal civil war and founded the Soviet Union in 1922.
- Lenin's idea of a vanguard party, a small group leading the working class, became the model for communist parties around the world.

Under Joseph Stalin, who led from the late 1920s until 1953, the Soviet Union industrialized rapidly through central planning and collectivized agriculture.

- The costs were enormous.
- Famine in 1932 and 1933 killed millions, and the Great Terror of the late 1930s brought mass arrests, executions, and a vast prison camp system.

After the Second World War, communist parties took power across Eastern Europe, and in 1949 Mao Zedong's party won in China.

- Mao's Great Leap Forward, from 1958 to 1962, caused a catastrophic famine.
- Estimates of the deaths range from about fifteen million to over forty million, and scholars still debate the figure.

Communist states abolished private ownership of most of the economy, ran one-party rule, and restricted speech.

- They achieved mass literacy, rapid industrialization, and some health gains, yet fell behind market economies in living standards.
- The Berlin Wall fell in 1989, and the Soviet Union dissolved in December 1991.

China took a different path.

- After Mao's death, Deng Xiaoping launched market-oriented reforms from 1978.
- The country opened to trade and investment, and hundreds of millions escaped extreme poverty.
- The Communist Party kept its monopoly on political power, so debates continue over what to call the system.

The other branch was social democracy.

- Parties such as the German Social Democratic Party, which dates from the 1870s, and the British Labour Party, whose origins go back to 1900, accepted elections and…
- They fought for the vote, unions, shorter hours, and public services, and not for the overthrow of capitalism.

After the Second World War, social democrats built welfare states.

- In Britain, the Beveridge Report of 1942 proposed to attack want, disease, ignorance, squalor, and idleness, and the Labour government created the National Health…
- In Scandinavia, high taxes funded universal education, health care, and pensions alongside market economies and strong unions.

This arrangement is often called the Nordic model.

- Defenders point to high trust, low poverty, and strong social mobility.
- Critics point to high taxes, and some argue that the model depends on conditions hard to copy elsewhere.
- Several Nordic countries also reformed it from the 1990s, introducing school choice and competition into some services.

Democratic socialism is a term for those who want more extensive public or cooperative ownership than social democrats accept, while keeping democracy.

- It is sometimes confused with communism, but democratic socialists reject one-party rule.
- In English-speaking countries the label carries different meanings for different audiences, so ask for definitions.

The main intellectual attack on socialism came from economists.

- Ludwig von Mises argued in 1920 that without market prices, planners could not calculate what to produce.
- Friedrich Hayek added that knowledge is scattered among millions of people and cannot be gathered by a central authority.
- The Soviet experience gave these arguments force.

Socialists have answers.

- They say market economies produce recurring crises, large inequalities, and power concentrated in corporations, and that the Soviet system was a distortion, and not a...
- Many point out that nearly every wealthy democracy now mixes markets with public programs, which suggests the old either-or choice was misleading.

In the 1990s Tony Blair and Bill Clinton promoted a third way, accepting markets while pursuing social goals.

- Supporters saw modernization, and critics saw surrender.
- Today, debates over taxes, health care, housing, and the power of large firms keep the questions of this lecture alive.

The record can be summarized with care.

- Socialism contains many strands, from voluntary cooperatives to state planning.
- The strands that kept democracy and combined public programs with markets have generally lasted and delivered security.
- The strands that abolished markets and political competition generally produced shortages and repression.

Here is an exercise.

- Pick a service such as health care, and sketch how a market liberal, a social democrat, and a communist would each organize it.
- Then note a strength and a weakness of each.
- Next, we turn to nationalism and its extreme forms.