

(17) Why did economics of socialism fail?

Now then, why did economics of socialism in the 20th century fail as well? That is, what was the reason behind the failure of economics that underpinned socialism and communism, social regimes that were supposed to eradicate unemployment and hunger from society, abolish class, surpass capitalism, and bring society closer to a utopia?

In my view, that's probably because economics of socialism basically had the same problem as the economics that emphasized laissez-faire and competition. That is, economics of socialism also adheres to the assumption that the origin of value is attributable solely to human labor, and that calculation of self-interests is the basis of human behavior. Furthermore, in socialist or communist states, where the political system often tended to be autocratic and repressive, people's originality and ingenuity were supposedly inhibited; corruption became rife in the regime, thereby accelerating its demise. Since labor measured in terms of hours worked was deemed the only source of value, close attention was not given to employment and education tailored to the strengths, preferences, and personalities of individuals. As such, providing the required hours of labor, however unnecessary and idle they may be, was the sole basis of the economy. That, in my opinion, led to the long-term and significant deterioration of competitiveness of the economy. Moreover, within the political regime, some parts of the officially stated version of 'right and wrong' became far removed from the 'right and wrong' in reality. That presumably caused a great deal of falsity and distrust among the people, thereby ruining, from within, economic activities based on the ideals of socialism and communism.

Similarly, the so-called Keynesian economics, wherein the government is supposed to run the economy by wisely controlling aggregate demand, also basically neglects the gift of nature as the source of value. Accordingly, it is almost beyond its capacity to guarantee the maximization of people's potentials in economic activities. In politics, bureaucracies, or businesses in a Keynesian economy, as in socialist or communist governments, the norm of 'right and wrong' started to become shaky and corruption was spawned, although not to the extent of socialism or communism. Regimes were weakened on a national scale, which presumably resulted in huge fiscal deficits.

Thus, it would be fair to say that we are currently faced with a situation in which 20th-century economics, be it capitalistic or socialistic or Keynesian, is stuck in a deadlock; having problems in common and unable to resolve the issue of corruption in relation to the integrity of the political regime.

(Translation work on the subsequent sections is under way.)