

Ownership Mode Changes in Twentieth Century

Nguyen Ngoc Ha¹, Hoang Thuc Lan²

¹ Vietnam Social Sciences Review, Vietnam Academy of Social Sciences.

Email:nguyenngocha08@gmail.com

² Hanoi National University of Education.

Email: hoangthuclan@gmail.com

Received: 18 August 2017.

Accepted: 10 September 2017.

Abstract: In the 20th century, the Soviet Union made changes to the mode of ownership twice: first, in 1936, a change from private to public ownership, and second, in 1985, a change from public back to private ownership. The transformations, stemming mainly from objective causes, were major events for the country and the world. In the world history, public ownership has existed and been appropriate in a small number of countries and for short periods of time, while private ownership has existed in many countries and for long periods of time. However, the two times of transforming ownership mode in the Soviet Union proved that no countries maintain either private or public ownership perpetually.

Keywords: Private ownership, public ownership, (Russian) October Revolution, Soviet Union.

Subject classification: Philosophy

1. Introduction

The relation of ownership is the most fundamental one among the human-to-human relations. The legal form of the relation is the ownership mode. Ownership modes (on means of production) include public ownership and private ownership³. In the 20th century, the Soviet Union changed its ownership mode twice. The transition from private ownership to public ownership (abolishing private ownership) began shortly after the Russian October Revolution in 1917, with a stop in the implementation of

the New Economic Policy which was promoted after the 14th Congress of the Communist Party of the Soviet Union in December 1925, and completed in 1936. The transition from public to private ownership (restoring private ownership) began in 1985 when the Soviet Union undertook its renovation, known as the *perestroika*⁴. The abolition of private ownership and its restoration were the two major events of the Soviet Union in the 20th century. These two events, though contradictory, are both inevitable results of social development in the Soviet Union.

2. Abolition of private ownership

Abolition of private ownership is the basic thought of communism. In the "Communist Manifesto", K. Marx and F. Engels argue that "the Communists can summarise their theory into a single point: abolition of private ownership".

The idea of abolishing private ownership, which appeared thousands of years ago when the irrationality of private ownership manifested itself, was first realised in the Soviet Union in the 20th century. What led to the abolition of private ownership in the Union? This is a big and complex issue, which has been drawing the attention of many scientists and practitioners around the world for the past 100 years since the 1917 Russian (October) Revolution. There exists a view that the abolition of private ownership in the Soviet Union in the 20th century was a mistake. After the Union began its *perestroika*, the number of people adopting the view became even greater. However, this is still a misconception.

To see the error in the view, we need to base on scientific reasoning, which is the dialectical materialist viewpoint of the history of society (referred to as the historical materialist viewpoint). In the viewpoint, the history of society is purposeful activities of people, and the purpose pursued by every person is subjective and may be subject to sudden change under the impacts of random factors. However, the aggregate result of all the activities is objective. In the study of history, "the issue is not the study of the motives of individual individuals, even if

they are outstanding ones, but rather the study of motives that have moved the numerous masses, the whole nations, and the entire classes in every nation; the motives that pushed them not to undertaking short uprisings, but to carry out long-term actions that lead to great historic changes." [9, p.438]. In applying the historical materialist perspective in the study of the abolition of private ownership in the Soviet Union in the 20th century, one shall find that the principal cause of the abolition was the activity of the numerous masses who pursue their needs and interests; and that event would inevitably appear, in one way or another, with or without random factors of luck, for example, whether the supreme leader of the Soviet Union was V.I.Lenin, J.Stalin, or others. The Soviet society during this period was with the conflict between the numerous masses who wanted to abolish private ownership with another group of the masses who did not want that. The conflict, by the end of World War I, had changed to the point when the power supremacy belonged to the masses wanting to eliminate the private ownership. When two forces struggle against each other for something, the winner will naturally be the one that has the overwhelming strength. Thus, the abolition of private ownership in the Soviet Union was the inevitable result of resolving the conflict.

During the period when private ownership was abolished, the Soviet Union obtained many great achievements. Especially, in the 15 years preceding World War II, the country achieved an economic miracle. However, besides the achievements, the Soviet Union also had

many limitations due to subjective mistakes. Previously, achievements were often inflated, while limitations were often hidden. Nowadays, due to the fact that truths of history are more publicised, achievements and limitations are seen more accurately. Nevertheless, we cannot deny that the former did outnumber the latter, as the Soviet Union, from the position of a middle-class country, had become a superpower. Recognising the true achievements of the country after abolishing private ownership, one cannot deny the inevitability of the abolishment.

The idea of abolishing private ownership is opposite to the idea of not abolishing private ownership. To evaluate which of the two ideas is correct, it is necessary to base on the results of their respective realisation. This is because it is human thought that directs human actions; if the idea is right, then the action will be successful - the thought will become reality, or realised; if the thought is wrong, then the action fails - the thought does not come true, or is not realised; the success or failure of the action is the basis to assess whether the thought is right or wrong. In reality, during the 1936-1985 period, the idea of abolishing private ownership was successfully realised in the Soviet Union, but during the same period, the idea of not abolishing it was successfully realised in the United States (and some other countries). This proves that in the same period, the idea of abolishing private ownership was appropriate in the Soviet Union while the idea of not abolishing it was appropriate in the United States. Consequently, when we consider that the abolition of private ownership was

an inevitable consequence of social development in the Soviet Union in the 20th century, we need also to recognise that it was not an inevitable consequence of the social development in every other country in the period.

In short, private ownership was abolished in the Soviet Union in the 20th century as a result of both objective and subjective causes, both inevitable causes and random causes, and the causes of both the impacts of the numerous masses' movement and those of the masses' leaders, but, among them, the objective, the inevitable causes, and those from the impacts of the numerous masses prevail. Thus, it can be said that the event was an inevitable outcome of social development in the Soviet Union.

3. Restoration of private ownership

In the early 1970s, the Soviet economy began falling into stagnation and lagging behind capitalist countries. The growth rate of the economy from 1951 to 1970 was 5.1%; but from 1971 to 1975 was only 3.0%; from 1976 to 1980 - only 1.9%; and from 1981 to 1985 - decreased to 1.8% [10, p.92]. Economic stagnation made the living standards of the Soviet people lower than those of capitalist countries. Why did that happen?

The economic stagnation of the Soviet Union since the early 1970s was due to various objective and subjective causes, including two main objective reasons as follows: *First*, citizens were not free to do business; there was a great waste of

resources and idle manpower among the people. *Second*, many people were lazy, which were expressed with the lack of proactively and responsibility, the dependence on others, nobody taking care of the common work, bureaucracy, corruption, wastefulness, lies, etc. Lazy people, especially lazy managers, did great harm to social development. In the previous period, when the Soviet Union was at risk of being invaded by some other countries, laziness was basically overcome with many special political and ideological measures. However, the special measures were not applicable as from the early 1970s onwards, i.e. when the country was no longer susceptible to invasion, so “the disease of laziness” easily broke out. The “outbreak” happening under a regime of public ownership had not been expected by the Marxists.⁵ Why? It is because, according to the Marxist view, under private ownership, workers are exploited and, because of exploitation, they are not actively engaged in working, so they do not produce high productivity as compared with the potential of means of production. Under public ownership, workers are not exploited, and, because they are not exploited, they are motivated to work, thus creating high productivity. The reality in the Soviet Union from the early 1970s onwards did not completely prove this concept.

Both the two causes were related to the abolition of private ownership. This was not difficult to realise. Therefore, in order to overcome economic stagnation, in 1985, the Soviet Union chose to restore private ownership.⁶ The elimination of private ownership took many years with strong repression of the state on those whose

assets were taken. But, in order to restore private ownership, the state only needs to provide every citizen with the rights to private ownership of means of production without restrictions in terms of scale (if any) and to hire workers in doing business and getting rich (in certain domains). Restoring private ownership, though also causing major economic, political, cultural and social changes, did not lead to major social conflicts as in the case of abolishing private ownership.

During the time when the Soviet Union was restoring its private ownership, Eastern European countries, China, Mongolia, Vietnam and Laos did that, too. China⁷ restored private ownership in 1978, and Vietnam⁸ did in 1986. Cuba recently also implemented a policy of privatising some State-owned economic entities. The fact proves the inevitability of restoring private ownership in the Soviet Union.

M. S. Gorbachev did contribute to the restoration of private ownership in the Soviet Union. However, with or without his contribution, the Soviet people would restore the mode of ownership anyway. This is because the *perestroika* did not happen in the top-down, but bottom-up manner instead; it stemmed from the needs and interests of the majority of the population and was carried out by them. The restoration of private ownership naturally led to political changes in many ways. The way political change happened in the Soviet Union may or may not meet our expectations. However, we cannot deny the inevitability of restoring the mode of ownership.

At present, most countries are applying private ownership. The appropriate mode of ownership nowadays is private ownership, not public ownership. However, private ownership is not for ever because any mode of ownership has its own rationalities and irrationalities. If private ownership accumulates irrationalities to a certain degree, it will be replaced with public ownership, and vice versa.

The Soviet Union abolished private ownership in 1936 and then restored it in 1985, which is the negation of the negation vis-a-vis private ownership. The negation of the negation vis-a-vis private ownership is a specific case of the law of the negation of the negation. According to the law, the change of the world in general and of society in particular is a continuation of different stages, in which the subsequent stage is the negation of the preceding one and repeats the preceding ones in a cycle of every two negations. If based on the criterion of whether or not there is private ownership, the history of society took place and will take place in such a way as follows: from a stage without private ownership (the first stage) to a stage with private ownership (the second stage), then to a stage without private ownership (the third stage), and, after that, to a stage with private ownership (the fourth stage) and so on. The history of every community, tribe, nation, country and region happened in that way. There are no exceptions. The fact the Soviet Union abolished private ownership and restored it after some decades is in line with the law. This is true to not only the Soviet Union, but also other countries as well.

Prior to the 1917 Russian October Revolution, many people incorrectly thought that private ownership was for ever. When the Soviet Union was still powerful, many people incorrectly thought that the Soviet public ownership was for ever, and private ownership was agonising in the world. When the Soviet Union restored private ownership, many people incorrectly thought that the Soviet abolition of private ownership had been a mistake and that private ownership was for ever. The fact that the Soviet Union changed its mode of ownership twice in the 20th century proves that there is no eternal single mode of ownership; no country will maintain private ownership mode forever; and no country will maintain its public ownership mode for ever as well.

4. Conclusion

The two times of changing the mode of ownership in the Soviet Union in the 20th century is closely linked to the appearance and disappearance of a model of socialism⁹. The Soviet model of socialism characterised with the abolition of private ownership was an ideal model for a host of countries. Although the model has collapsed, public ownership remains the desire of millions of people. In the 20th century, the world experienced many great and shaking events, including the abolition of private ownership (in the Soviet Union, China and some other countries) and its restoration (in most of the countries that had earlier abolished it). These two events resulted from the 1917 Russian October

Revolution. In order to correctly understand the true nature of such great and complex events, we need to base ourselves on the dialectical materialist view of the world in general and the dialectical materialist view on the history of society in particular. Then, we may recognise that both times of changing the mode of ownership in the Soviet Union in the 20th century were appropriate with the specific contemporary historical conditions of the country. Though public ownership existed and was appropriate in only a small number of countries for not very long, and most of the countries that had abolished private ownership have already restored it, the fact that private ownership was abolished in the Soviet Union in the 20th century and in some other countries, which resulted from the 1917 Russian October Revolution, still carries its own great historic significance because, for the first time ever, it proved that private ownership is not for ever.

Notes

³ Under public ownership, all the means of production are common assets and properties, and nobody has the right to private ownership of means of production. Under private ownership, means of production can be private assets and properties of individuals, and everybody has the right to private ownership of means of production (if any).

Abolition of private ownership (by means of nationalisation and collectivisation in various forms) means the establishment of public ownership. Countries that have a private economic sector are the ones where private ownership exists, although a state-owned economic sector also exists in there. In

the countries with public ownership, a small portion of means of production can still be private assets and properties of individuals. Although in theory there is a clear distinction between public and private ownership, in practice it is not necessarily the case.

⁴ In 1937, in the Soviet Union, “there remained only a socialist economic sector consisting of a state-owned economic sub-sector and a collective economic sub-sector”, “the socialist economic sector accounting for 93% of the total number of farmer households with 99% of the farming land in agriculture, 99.8% of the industrial output and 100% of the **retail turnover** [10, p.86]. The country’s 8th Congress of Soviets, convened in January 1936, promulgated a new constitution which recognised that the Soviet Union had accomplished the building of a socialist society and was in the process of transitioning towards a communist society. Therefore, it can be assumed that the year 1936 was a milestone marking the Soviet accomplishment of abolishing private ownership.

⁵ A warning was given by opponents of socialism on the laziness under public ownership. In the “Communist Manifesto”, K. Marx and F. Engels mentioned the warning, implying criticism. They wrote “It has been objected that upon the abolition of private ownership, all work will cease, and universal laziness will overtake us”, and “according to this, bourgeois society ought long ago to have gone to the dogs through sheer idleness; for those of its members who work acquire nothing, and those who acquire anything do not work.”

⁶ In 1985, the Soviet Union chose the measure of *perestroika* to promote economic development. The *perestroika* was initiated by M. S. Gorbachev and first brought forward in the plenum of the Central Committee of the Communist Party of the Soviet Union which took place in April 1985. The 27th Congress and the following plenums specified the contents of the *perestroika*, including the shift from

the central planning economy towards a market-oriented economy. To do so, it was necessary to recognise private ownership. Therefore, the year 1985 can be considered the milestone of the Soviet restoration of private ownership.

⁷ In 1956, in China, “socialist transformation was basically accomplished”, “the socialist public-ownership economy accounted for 93%”, “the private economy decreased from 6.9% to less than 0.1%, and the private individual economy decreased from 71.8% to 7.1%”. Therefore, the year 1956 can be considered the milestone for the Chinese accomplished abolition of private ownership, which started right after the birth of the People’s Republic of China in 1949 [10, p.124]. If socialism is considered a society where the economy is characterised with public ownership, a great mechanical industrial production, the productive forces of which are not necessarily greater than those of capitalism, then China from 1949 to 1957, the year when establishment of public ownership was completed, was not a socialist country (due to the absence of public ownership); and still not a socialist country from 1957 to 1978, when the country launched its reform, either, due to the fact that, though there existed public ownership, there was not yet a mechanical industrial production; and also not a socialist country even from 1978 to date, as, though there has existed there a mechanical industrial production, the country also has private ownership.

⁸ In 1960, North Vietnam had 84.8% of the farmer households joining low- and high-level cooperatives, occupying 76% of the cultivated land area; approx. 90% of the total number of artisans subject to [socialist] “commercial and industrial rehabilitation” joined the medium and small-sized handicraft cooperatives; 60% of the total number of small traders and service providers subject to re-education joined cooperatives, trade groups, working

as agents for state-owned businesses and more than 10,000 turned to production; 47% of trade businesses and 100% of private capital-invested enterprises were transformed into joint-stock enterprises and cooperative enterprises [10, pp.142-143]. Thus, the year 1960 can be considered as a milestone for North Vietnam’s completed process of abolishing private ownership, which began in 1954 when peace was restored in North Vietnam. If socialism is considered as a society where the economy is characterised with public ownership, a great mechanical industrial production, productive forces of which are not necessarily greater than those of capitalism, then North Vietnam in the 1954-1960 period was not a socialist country due to absence of public ownership; and still not a socialist country from 1960 when public ownership was established to 1986 when the *đổi mới* - renovation process was launched due to the fact that there existed public ownership but not a mechanical industrial production; and similar to China, even not a socialist country from 1986 to date due to the fact that there exist a mechanical industrial production and private ownership. The UK, France and the United States of America have never been socialist countries due to the fact that there exist in those countries a mechanical industrial production but also absence of public ownership.

⁹ The concept of socialism has many different meanings. In the “Communist Manifesto”, K. Marx and F. Engels maintained that socialism had been employed with such meanings as feudalism socialism, petty bourgeois socialism, German socialism, conservative socialism, bourgeois socialism and utopian socialism. Apart from such meanings, the concept of socialism still has other meanings. For example, it may refer to Yugoslav-style socialism and Burmese-style socialism (because Yugoslavia was once called the Socialist Federal Republic of Yugoslavia, and Burma was once called the Socialist Federal Republic of Burma).

In Marxist literature, the concept of socialism is employed at least with the two meanings as follows. *First*, socialism is considered as a society where the economy is characterised with public ownership, a great mechanical industrial production, the productive forces of which are greater than those of capitalism (Karl Marx employed the concept of socialism in this meaning). *Second*, socialism is considered as a society where the economy is characterised with public ownership, a great mechanical industrial production, and productive forces which are not necessarily greater than those of capitalism. If socialism is understood as with the former meaning, then the Soviet Union had never been a socialist country due to the fact that there existed in the country public ownership and a great mechanical industrial production, but no productive forces which are greater than those of most developed capitalist countries in the period of time. If socialism is understood as with the latter meaning, then in the 1936-1985 period the Soviet Union was a socialist country due to the fact that there existed in the country public ownership and a great mechanical industrial production; but from 1985 onwards, it had been no longer a socialist country due to the fact that there existed in the country a great mechanical industrial production and private ownership. In this paper, we employ the concept of socialism with the latter meaning as mentioned above, and then maintain that socialism was realised in the Soviet Union during the 1936-1985 period.

References

- [1] Hoàng Chí Bảo (1993), *Chủ nghĩa xã hội hiện thực: Khủng hoảng, đổi mới và xu hướng phát triển*, Nxb Chính trị quốc gia, Hà Nội. [Hoang Chi Bao (1993), *Realistic Socialism: Crisis, Renovation, and Development Trend*, National Political Publishing House, Hanoi].
- [2] Z.Brzezinski (1992), *Thất bại lớn: Sự ra đời và cái chết của chủ nghĩa cộng sản trong thế kỷ XX*, Viện Thông tin Khoa học xã hội, Hà Nội. [Z.Brzezinski (1992), *Great Failure: The Birth and Death of Communism in the 20th Century*, Institute of Social Science Information, Hanoi].
- [3] Phạm Văn Chúc (1994), “Về thành tựu và cống hiến lịch sử của chủ nghĩa xã hội hiện thực”, Tạp chí *Cộng sản*, số 1. [Pham Van Chuc (1994), “On Historical Achievements and Contributions of Realistic Socialism”, *Communist Review*, No. 1].
- [4] Nguyễn Trọng Chuẩn, Phạm Văn Đức, Hồ Sĩ Quý (đồng chủ biên) (1997), *Những quan điểm của C.Mác - Ph.Ăngghen - V.I.Lênin về chủ nghĩa xã hội và thời kỳ quá độ*, Nxb Chính trị quốc gia, Hà Nội. [Nguyen Trong Chuan, Pham Van Duc, Ho Si Quy (co-chief authors) (1997), *Views of K.Marx, F.Engels and V. I.Lenin on Socialism and Transition Period*, National Political Publishing House, Hanoi].
- [5] David M. Koto (1996), “Sự sụp đổ của chủ nghĩa xã hội nhà nước ở Liên Xô: những bài học cho chủ nghĩa xã hội tương lai”, Tạp chí *Thông tin công tác tư tưởng*, số 12. [David M. Koto (1996), “The Collapse of State Socialism in the Soviet Union: Lessons for Future Socialism”, *Journal of Information on Ideological Work*, No. 12].
- [6] Dương Phú Hiệp (chủ biên) (2001), *Tiến lên chủ nghĩa xã hội bỏ qua chế độ tư bản chủ nghĩa ở Việt Nam*, Nxb Chính trị quốc gia, Hà Nội. [Duong Phu Hiep (chief author) (2001), *Advancing towards Socialism Bypassing Capitalist Regime in Vietnam*, National Political Publishing House, Hanoi].

- [7] M. S. Gorbachev (1987), *Cải tổ: sự nghiệp cấp bách*, Nxb Sự thật, Hà Nội. [M. X. Gorbachev (1987), *Perestroika: An Urgent Cause*, Truth Publishing House, Hanoi].
- [8] Nhị Lê (1998), “Chủ nghĩa xã hội đã lỗi thời hay là sự lỗi thời của một cách nhìn về chủ nghĩa xã hội”, *Tạp chí Cộng sản*, số 18. [Nhi Le (1998), *Is Socialism Outdated, or an Outdated View of Socialism*, *Communist Review*, No. 18].
- [9] K. Marx and F. Engels, *Toàn tập*, t.21, Nxb Chính trị quốc gia, Hà Nội. [K. Marx and F. Engels, *Complete Works*, Vol. 21, National Political Publishing House, Hanoi].
- [10] Lê Hữu Tầng (chủ biên) (2003), *Chủ nghĩa xã hội: Từ lý luận đến thực tiễn. Những bài học kinh nghiệm chủ yếu*, Nxb Chính trị quốc gia, Hà Nội. [Le Huu Tang (chief author) (2003), *Socialism: From Theory to Practice. Essential Lessons Learned*, National Political Publishing House, Hanoi].
- [11] Nguyễn Văn Thúc (1990), “Góp phần tìm hiểu nguyên nhân khủng hoảng của chủ nghĩa xã hội”, *Tạp chí Triết học*, số 4. [Nguyen Van Thuc (1990), “Contributing to Understanding of Cause of Crisis of Socialism”, *Journal of Philosophy*, No. 4].
- [12] Phùng Hữu Phú, Lê Hữu Nghĩa, Nguyễn Văn Hiền, Nguyễn Viết Thông (đồng chủ biên) (2016), *Một số vấn đề lý luận - thực tiễn về chủ nghĩa xã hội và con đường đi lên chủ nghĩa xã hội ở Việt Nam qua 30 năm đổi mới*, Nxb Chính trị quốc gia, Hà Nội. [Phung Huu Phu, Le Huu Nghia, Nguyen Van Hien, Nguyen Viet Thong (co-chief authors) (2016), *Some Theoretical and Practical Issues of Socialism and Path to Socialism in Vietnam through 30 Years of Renovation*, National Political Publishing House, Hanoi].
- [13] Phạm Ngọc Quang (1992), “Tìm hiểu nguyên nhân sụp đổ của Liên bang Xô viết”, *Tạp chí Triết học*, số 4. [Pham Ngoc Quang (1992), “Studying Cause of Collapse of the Soviet Union”, *Journal of Philosophy*, No. 4].
- [14] Nguyễn Duy Quý (2001), “Thời đại ngày nay vẫn là thời đại quá độ từ chủ nghĩa tư bản lên chủ nghĩa xã hội”, *Tạp chí Triết học*, số 3. [Nguyen Duy Quy (2001), “Today's Era is Still One of Transitioning from Capitalism to Socialism”, *Journal of Philosophy*, No. 3].
- [15] Nguyễn Duy Quý (chủ biên) (1998), *Những vấn đề lý luận về chủ nghĩa xã hội và con đường đi lên chủ nghĩa xã hội ở Việt Nam*, Nxb Chính trị quốc gia, Hà Nội. [Nguyen Duy Quy (chief author) (1998), *Theoretical Issues of Socialism and Path to Socialism in Vietnam*, National Political Publishing House, Hanoi].