

Communism defeated Capitalism in Cold War and made World Socialist

Prabhakar Deshpande

Abstract: *Most people believe that the Cold War ended with collapse of Soviet Union and defeat of Communism. After all China is communist only in name and capitalist for all practical purposes. The only two nations that are communist now are North Korea and Cuba and two hundred nations of world are capitalist. And 30 years after death of communism there does not appear to be any communist challenge left. However if one examines the data, it would be obvious that tax to gdp ratio of most capitalist nations increased drastically after arrival of communism thus making the world socialist in some ways, if not entirely communist. Hence it could be argued that communism won cold war, which is diametrically opposite to popular perception.*

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Academicians are expected to display a far greater level of analysis and maturity of thought than is found in general public. One expects insights from academicians that perhaps are different, even opposite of that held in views of lay people. Academicians need to be harbinger of further realms of cognition and knowledge than is mundanely held.

Isaac Newton for instance discovered gravity from falling apple. John Nash contributed to theory of game theory. Albert Einstein discovered theory of relativity. Charles Darwin saw a break through in theory of evolution of species. Adam Smith started Microeconomics and John Keynes began Macroeconomics.

However there is certain stagnant acceptance among academicians about demise of Communism. And that view is strangely coincident with popular view that communism is dead, which is how it seems prima facie from study of media news.

After all purview of news as reported since mid 1980s to mid 1990s shows a collapse of Communism. Firstly some of the former members of Warsaw pact slowly unriggled themselves out of communism such as Poland, Hungary, East Germany and so on. Then some of the member of former Soviet Union - such as Latvia, Moldova, Ukraine -- unshackled themselves politically and economically out of communism. Finally Russia also abandoned what it started in October of 1917. Needless to say that since Deng Xiaoping took over from Mao Zedong in 1978, China can hardly be called Communist.

And hence even academicians in political science, economics and international relations hold the view largely that the cold war was won by capitalism and communism was defeated. Indeed right wing parties celebrate the demise of political forces of left wing ideology.

So is Communism dead? Has Capitalism Won? Does Socialism mean nothing? Was Marx Entirely Wrong? Have the leftist ideals of equality been found impractical? Has right wing economics defeated left wing economics? Were thousands of economists inspired by ideals of equality espoused by communism and socialism wrong?

From all available in your face evidence it certainly would seem so. Only 2 of the 200 nations of the world are communist, which means 99% of nations have accepted and yielded to capitalism. And what is even worse that after demise of communism 30 years ago, there hasn't been a single credible and formidable challenge to capitalism. So most people in right mind would argue and prove that capitalism has entirely defeated communism.

Hence the cold war was won by capitalism against communism and communism has been proven to be a wrong ideology that has proven to be impractical though in its hey dey communism had many votaries of considerable prowess of not just an intellectual head but also of a bleeding heart.

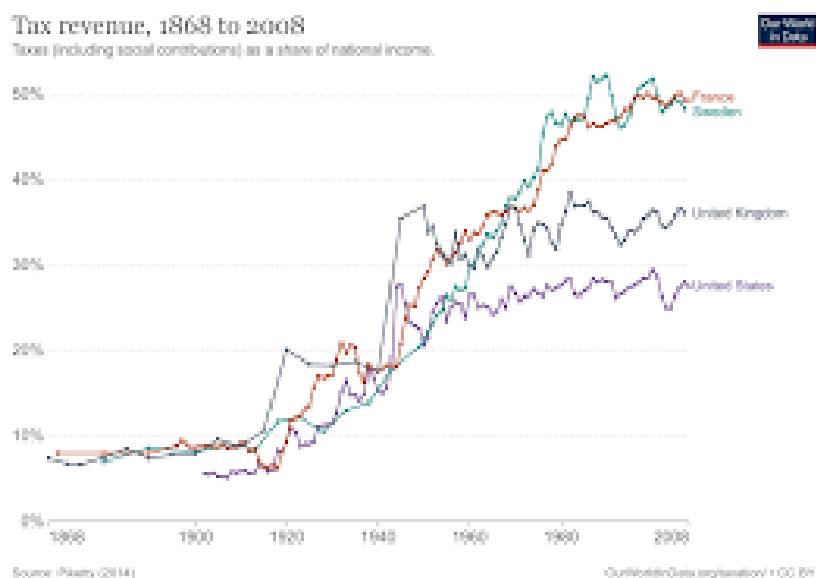
But then it is for academicians to present an original view. And this paper precisely does that. This paper argues that if you read between lines it was actually communism that defeated capitalism in cold war. And ideologically communism won the cold war. What is more communism defeated capitalism even before cold war started. And communism changed capitalism so drastically that it made communism unnecessary. Not just that communism achieved what democracy was supposed to, but since democracy was essentially usurped by capitalists could not in any big way.

Why and how does one make such a blasphemous, sacrilegous and preposterous argument, when all evidences prima facie seems to suggest to the contrary. One makes such an argument not based on opinion, but

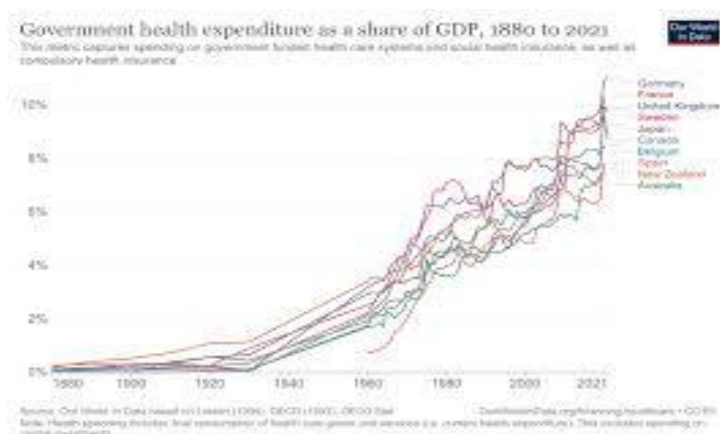
by analysis of facts as presented in data. Of course, some might argue that there are lies, damn lies and statistics, but then other might rebut the argument by pointing that one person's fact are another person's statistics and one person's statistics are another person's facts.

Be as it may, let us dig into data, facts, statistics and information and see what it tells us about trends towards equality since the birth of communism. There are three sets of data that this paper proposes to study

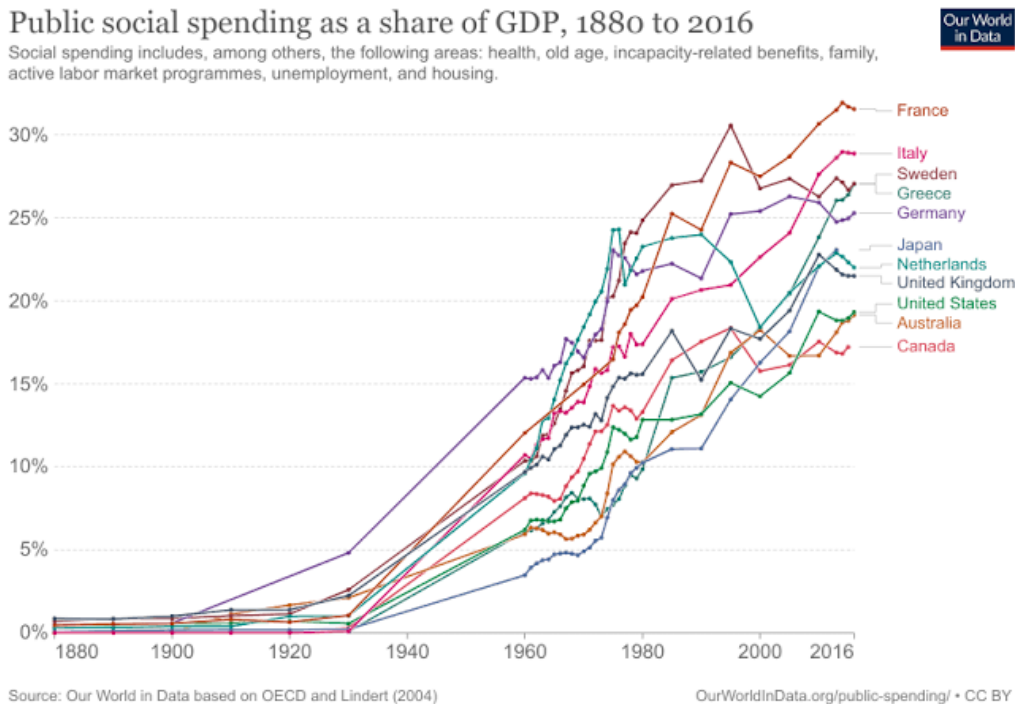
1. Tax Revenue as Percentage of Income - shown in Figure 1
2. Government Health Expenditures as Percentage of GDP shown in Figure 2
3. Public Health Spending as Share of GDP shown in Figure 3



Source: Our world in Data
Figure 1



Source: Our World in Data
Figure 2



Source: Our World in Data
Figure 3

If we see Figure 1 we will find that tax to GDP ratio in 4 countries - UK, USA, France and Sweden increased from between 5-8% of the GDP around 1920 to between 25 - 50% of GDP by around 2000. This represents a 5-7 fold increase in tax to GDP after the Russian revolution of 1917, which saw political institutionalisation of Communism. Interestingly the tax to GDP ratio was stagnant and hovering around 5 to 8 % of GDP for many decades preceding 1920, thus suggesting that democracy, despite enfranchising the entire populace was not an adequate instrument in lending voice to the poorer sections of population, being usurped presumably by the opulent section of population.

While it is accepted that some nations like USA only reached tax to GDP ratio of 25% by 2000, and other nations like Sweden and France reached tax to GDP ratio of around 50 %, whereas United Kingdom reached somewhere in between at 35%. This not only reveals that some nations were more influenced by leftist ideologies similar to communism whereas others experienced greater resistance to communist inspired ideologies, but also reveals that some nations had a higher tax to GDP ratio to start with. Again it is capitalist nations that have shown increased taxation subsequent to advent of political communism's manifestation.

If we study Figure 2, we find that before 1920, which marks the advent of fructification of political communism, government health expenditures as percentage of GDP were very close to zero. And since 1920, government health expenditures as a percentage of GDP rose remarkably reaching between 6 to 10% of GDP. It should be obvious that communism made governments around the world, even the capitalist ones, more responsive to the health care needs of population, which are as basic as those of food and water.

Interestingly before 1920, health care expenditures, did not show any increase, as one would have expected to happen, since democracy was alive and kicking. Thus popular pressure of demands of population presented, through the instrument of democracy had little effect on politicians, thus making us question the effectiveness of democracy as voice of entire section of population and not just the rich. But the fear of communism after 1920 achieved what democracy was expected to achieve and health care expenditures in capitalist nations of the world increased dramatically and drastically, after advent of communism in its political form.

Figure 3 presents much more comprehensive data, since it includes public social spending as percentage of GDP and is not limited to merely health care expenditure as percentage of GDP. Here once again we find that public social spending as a percentage of GDP increased from between 2-4 % of GDP before 1920, which dates arrival of communism, to almost 15-30% of GDP by 2000.

Some nations like Canada have public spending to GDP ratio of 18%, whereas some nations like France have public spending to GDP ratio of around 32% of GDP. Italy and Japan are on higher side, whereas Germany and United Kingdom are on moderate side and United States is on lower side.

Once again it is obvious from the data that public spending to the gdp increased drastically and dramatically after communism started threatening capitalist interests after 1920, in a way that democracy in itself with popular mandate could not before 1920. Thus communism achieved a manifold and multifold increase in public social spending with few decades whereas democracy, despite tall promises failed to achieve any increase in public social spending in centuries, thus belying and betraying the hope of poor, which democracy was supposed to address theoretically, but clearly failed practically.

In Summary it may be said that the massive and manifold increases in taxes and social spending subsequent to success of communism in making political inroad proves that capitalism ideologically lost to communism even before the cold war started. Thus if cold war was an ideological war between communism and capitalism, clearly communism won completely as can be gauged by a more deeper analysis of data even if on the surface it appears that capitalism won due to demise of communist nations.

Again democracy has totally failed in being responsive to social needs of people, as can be evidenced from any significant increase in taxes and social spending thus proving that democracy can be easily usurped by the opulent class, which through its control on political machinery not only ensures that the interests of rich are not compromised upon, but also shows a total lack of sympathy and empathy to interests of poor, which shocks one, since democracy was supposed to be rule of people, by people, for people.

Of course such analysis is not visible in media or academia, perhaps, because both are as much in control of capitalist classes, just as much as the political machinery is entirely slave to the opulent, even if it means sacrificing and ignoring the needs of the poorer sections of population.

However, communism clearly achieved what democracy could not and changed the face of capitalism entirely making it not so much humane, but responsive to needs of poorer sections of population, which was promise of democracy. Thus the fear of communism made the capitalist classes settle for a compromise solutions in form of a mitigated capitalism that reduced inequalities in consumption through significant increase in taxation and public spending.

Thus the verdict is clear that Communism defeated Capitalism in Cold War and though it may not have made the world Communist, since there are hardly any Communist nations left, but certainly made the world Socialist, if Socialism is defined as greater equality of consumption achieved through increased public spending funded by increased governmental taxation.

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