

# **The Theory and the Practice Behind the Market World that Followed the Fall of Red Socialism: What Are the Implications of Trading Social Responsibility for Economic Responsibility?**

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## **Abstract**

In 1991 the red socialism world of the soviet bloc and China collapsed forcing an evolution in market structures in those countries, but expected new market structures from the theory point of view did not materialize after the fall, but unexpected ones did. The expected paradigm shift from the theory point of view was a shift from economic unfriendly red socialism to economy friendly red socialism or socially friendly capitalism to maintain social responsibility intact as Karl Marx wanted, which it is achieved by internalizing the economic cost and profit in the red socialism production price mechanism, closing this way the economic sustainability gap that was affecting red socialism. This expected shift did not happen. In practice after the 1991 fall of red socialism all former soviet bloc countries and China appear to have closed their economic sustainability gap, but left their social responsibilities behind when flipping towards traditional or pure capitalist markets. In other words, in practice former red socialism countries have flipped from an economy unfriendly, but socially friendly model to a socially unfriendly, but economy friendly model, a traditional market model. In other words, former red socialism countries have traded in practice social responsibility for economic responsibility. And this raises the question, what are the implications of trading social responsibility for economic responsibility? One of the main goals of this paper is to highlight those implications analytically and graphically.

## **Key concepts**

Red socialism, pure capitalism, social responsibility, economic responsibility, red market, traditional market, red socialism market, paradigm shift, paradigm flip, socially friendly capitalism, economy friendly red socialism

## **Introduction**

In 1991 the red socialism world of the soviet bloc and China collapsed(Muñoz 2016a) forcing an evolution in market structures in those countries after paradigm death(Muñoz 2016b), but expected new market structures of increasing responsibility from the theory point of view did not materialize after the fall, but unexpected ones did. We expect models to shift to higher levels of responsibility after paradigm death keeping their core values(Muñoz 2017), we do not expect them to simply flip and trade their core values for other values.

To be able to understand how paradigms flips could happen and to highlight current market and sustainability implications for ex red socialist countries or for these new capitalist countries as a result of that you will find below a general description in an evolutionary sense about: i) the market theory before the 1991 fall of red socialism implemented since the Karl Marx's manifesto was published, ii) the problem with that red socialism market theory, iii) the expected theoretical correction before or after the collapse of red socialism in 1991 that did not take place, a normal paradigm shift, and iv) the actual unexpected correction that took place after the 1991 fall, a paradigm flip or inverse opposite paradigm shift.

## I) The theory before the 1991 fall of red socialism

### a) The red socialism market(KM)

It can be said that the red socialism market(KM) is the one where red socialism production(KQ) is held at the point where the red socialism market price(KP) is equal to social cost(SM), which can be stated graphically as in Figure 1 below:

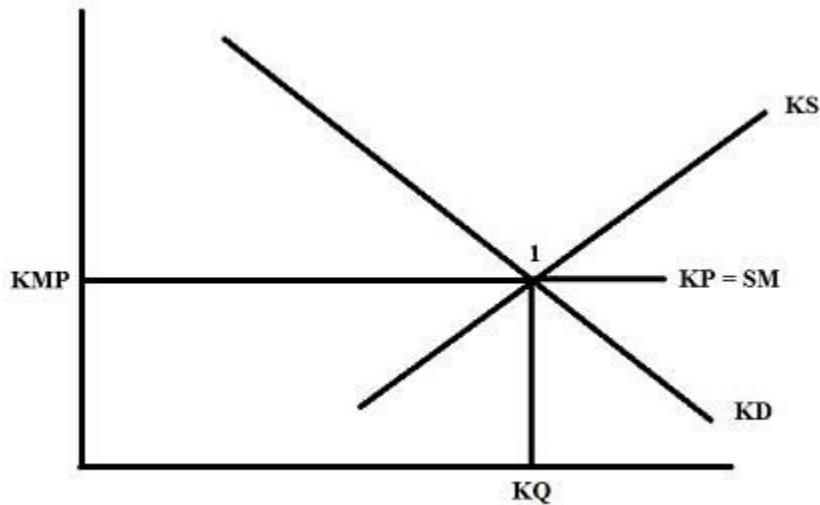


Figure 1 The red socialism market structure

The following aspects can be highlighted based on the structure of Figure 1 above:

#### i) The price structure of the red socialism market(KM)

The red socialism market price(KMP) is determined where the red socialism supply(KS) meets the red socialism demand(KD) at point 1, which can be stated as below:

#### 1) $KMP = KP$

Formula 1) above simply indicates that the price that clear the red socialism market(KM) is the red socialism market price(KP).

#### ii) The production structure of the red socialism market(KM)

Red socialism production(KQ) is kept in the red socialist model(KM) where the red socialist market price( $KMP = KP$ ) equals social cost( $SM$ ), which can be indicated analytically as follows;

## 2) $KMP = KP = SM$

Formula 2) above simply says that social cost( $SM$ ) only determines the production level  $KQ$ .

### *iii) The model structure of red socialism(KM)*

Since under the red socialism model(KM) only society matters(A); and the economy(b) does not matter, then its model structure can be expressed analytically as indicated below:

## 3) $KM = Ab$

We can see in Formula 3) above that society(A) is in active form as it is the endogenous issue in the model, it is the relevant issue in the model while the economy(b) is in passive form as it is an exogenous issue, it is an irrelevant issue to the model. The structure of the red socialism model described above has been very recently highlighted in detailed(Muñoz 2016c).

### **b) The problem with the market theory of red socialism**

Figure 1 and Formula 3 above help us to point out that producing at social cost( $KP = SM$ ) means producing at a total economic lost or living under capitalism deficits because we assume the economy(b) does not matter in achieving the social goal(A). And when we assume that relevant issues do not matter we create sustainability gaps(SG). In other words, there is an economic sustainability gap(ECSG) affecting the market performance of the red socialism model(KM) as it is assumed that economic costs and profits( $ECM + i$ ) do not matter; and therefore, they are not reflected in the red socialism market price( $KMP = KP$ ). Hence, when we assume that the economy(b) does not matter we create an economic sustainability gap(ECSG), and this idea allow us to rewrite formula 3 above in terms of sustainability gaps as follows:

## 4) $KM = Ab = A(ECSG)$ , where $b = ECSG$

Formula 4) above simply indicates that there is an economic sustainability gap(ECSG) affecting the red socialism model(KM), a situation that is highlighted graphically in Figure 2 below:

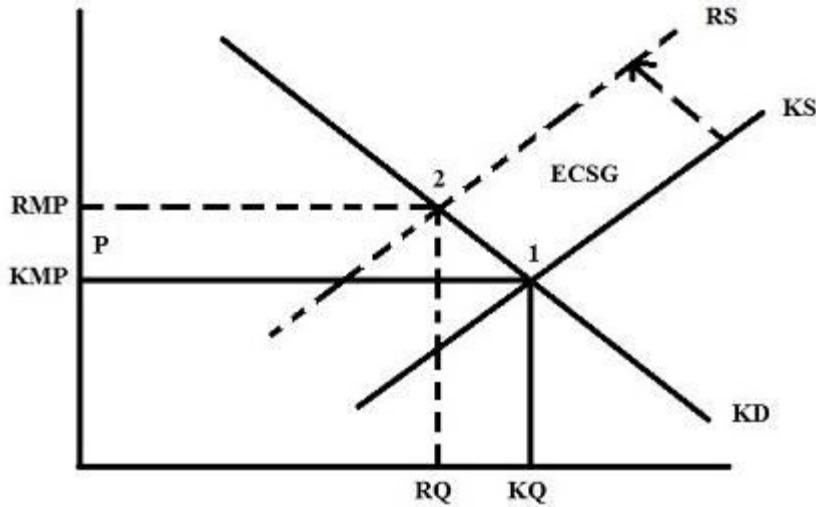


Figure 2 The economic sustainability gap(ECSG) affecting the red socialist market model(KM)

We can highlight based in Figure 2 above the following: i) at point 1 we have the production point KQ of economy unfriendly red socialism(KM); ii) at point 2 we have the production point RQ of economy friendly red socialism(RM); and iii) the distance between point 1 to point 2 as indicated by the broken arrow is the economic sustainability gap(ECSG) under which red socialism operates. We can see that the more the red socialism supply KS shifts to the right to expand production KQ the wider the economic sustainability gap(ECSG) becomes.

It has been pointed out that it was the economic sustainability gap(ECSG) that brought down red socialism in 1991 as you can not live under economic deficits for ever(Muñoz 2016d).

### **c) The expected correction before or after the 1991 fall of red socialism**

Red socialism ruled since the socialist manifesto(Marx and Engels 1848) was published until 1991. As no system can live under economic deficits forever, red socialism fell in 1991 and the paradigm shift suggested by paradigm death and shift expectations was a shift towards an economy friendly red socialism or socially friendly capitalism(RM), which requires a shift from point 1 to point 2 in Figure 2 above in order to close the economic sustainability gap(ECSG) while keeping social responsibilities(A) and therefore, keeping the dream of Karl Marx intact or alive.

In other words, the expected paradigm shift from the theory point of view was a shift from economic unfriendly red socialism(KM = Ab) to economy friendly red socialism or socially friendly capitalism(RM = AB) to maintain social responsibility(A) intact as Karl Marx wanted, which it is achieved by internalizing the economic cost and profit in the red socialism production price mechanism(KMP = KP), closing this way the economic sustainability gap(ECSG). This theoretically expected shift or correction of red socialism towards a social and economic friendly model or win-win socio-economic model can be expressed analytically as follows:

$$5) \text{ KM} = A(\text{ECSG}) \rightarrow \text{AB} = \text{RM} \text{ since } \text{ECSG} = b \rightarrow \text{B}$$

Expression 5) above simply states that when we close the economic sustainability gap to make red socialism economy friendly( $ECSG = b \rightarrow B$ ), the economy unfriendly red socialism model(KM) shifts towards an economy friendly red socialism or socially friendly capitalist model(RM). Notice that in the economy friendly red socialism or socially friendly capitalist model(RM) both the society(A) and the economy(B) matter as now both social issues and economic issues are endogenous issues to the model at the same time since  $RM = AB$ , a win-win socio-economic model. It has been pointed out that the expected shift of red socialism after death was towards socially friendly capitalism or red markets as it has higher responsibility since it is both social and economic friendly at the same time(Muñoz 2016e). This would have required red micro-economics and red macroeconomic thinking and an understanding of perfect red market competition expectation and behavior as recently stressed(Muñoz 2019). However, this expected shift to red markets or economy friendly red socialism never happened, perhaps it went unnoticed as shift dynamics were taking place in 1991 under a red market paradigm shift knowledge gap.

## II) The practice after the 1991 fall of red socialism

Therefore, in practice after the 1991 fall of red socialism all former soviet bloc countries and China appear to have closed their economic sustainability gap( $ECSG$ ), but left their social responsibilities(a) behind or created a social sustainability gap(SSG) when flipping towards traditional or pure capitalist markets(TM). This has led some scholars to see the fall of red socialism as a deep social loss that somehow was allowed to happen (Keeran and Kenny 2010) leading to a nose dive in the rights and choices of the working class(Engst 2011). In other words, in practice all former red socialism countries after the 1991 fall have flipped from an economy unfriendly, but socially friendly model(KM) to a socially unfriendly, but economy friendly model, a traditional market model(TM), a flip that can be listed analytically as follows:

### 6) $KM = A(ECSG) \rightarrow aB = TM$ , where $ECSG = b \rightarrow B$ and $A \rightarrow a$

Expression 6) above simply shows that when former red socialism countries like China and former soviet bloc countries closed the economic sustainability gap  $ECSG = b \rightarrow B$  and left the social responsibility championed by Karl Marx behind  $A \rightarrow a$  they flipped towards traditional or pure market economies  $TM = aB$ , where we know that only the economy matters. Hence, the actual result of the 1991 fall of red socialism was a paradigm flip as now in their new traditional or pure capitalist market structure( $TM = Ab$ ) social issues are exogenous issues, they are now externality issues. Therefore, new capitalist markets should be expected to behave as old capitalist markets do and put the economy only first as they now compete for economic development and dominance locally and globally. Now it is a fact that Russia(Collings 2002), China(Moore 2011), and other former soviet bloc countries(OECD 2018) are in one way or another members of the capitalist club.

## III) The implications of trading social responsibility for economic responsibility

Therefore, after the 1991 fall of red socialism instead of making red socialism economy friendly all former soviet bloc countries and China simply traded their traditional social responsibility only goal for economic responsibility only goal; and flipped to a socially unfriendly, but economy friendly model. And this raises the question, what are the implications

of trading social responsibility for economic responsibility? One of the main goals of this paper is to highlight those implications analytically and graphically.

## **Objectives**

a) To share the structure of the expected paradigm shift after the fall of red socialism in 1991 that maintains the social responsibility goal that was so dear to Karl Marx; b) To point out the structure of the actual paradigm flip after the fall of red socialism in 1991 that leaves the social responsibility goal behind or creates a social sustainability gap; and c) To use the discussion about to highlight the implications of trading social responsibility for economic responsibility in new capitalist countries.

## **Methodology**

First, the terminology used to share the ideas in this paper is given. Second, operational concepts and paradigm merging and flip expectations are listed. Third, the expected shift towards an economy friendly red socialist market structure is detailed both analytically and graphically. Fourth, the unexpected flip from economy unfriendly, but socially friendly red socialism market structure to economy friendly, but socially unfriendly traditional market structure is pointed out both analytically and graphically. Fifth, the market structure of new capitalism countries is highlighted to contrast it with that of old capitalist countries both analytically and graphically. Sixth, the problem with socially unfriendly capitalist markets, old and new is stressed both analytically and graphically. Seventh, a summary, implications, and food for thoughts are given. And finally, some relevant specific and general conclusions are provided.

## **Terminology**

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A = Dominant/active society      a = Dominated/pассив society

B = Dominant/active economy      b = Dominated/pассив economy

C = Dominant/active environment      c = Dominated/pассив environment

S = Traditional supply      D = Traditional demand

KS = Red socialism supply      KD = Red socialism demand

KP = Red socialism market price      KQ = Red socialism market quantity

RS = Red market supply      RD = Red market demand

P = Traditional market price      RP = Red market price

Q = Traditional market quantity      RQ = Red market quantity

EM = Green margin

SM = Social margin

TMP = Traditional market price

RMP = Red market price

ECM = Economic margin

i = profit

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## **Operational concepts, paradigm merging and flipping expectations, and sustainability gap expectations**

### **A) Operational concepts**

- i) Traditional market, the economy only market.**
- ii) Green market, the environmentally friendly market.**
- iii) Sustainability market, the socially and environmentally friendly market.**
- iv) Traditional market price, general market economic only price or the price that covers the cost of production.**
- v) Green market price, the price that reflects both the economic and the environmental cost of production or the price that covers the cost of environmentally friendly production.**
- vi) Sustainability market price, the price that reflects the economic, social, and the environmental cost of production or the price that covers the cost of socially and environmentally friendly production.**
- vii) Green market knowledge gap, the knowledge gap created by the paradigm shift from traditional markets to green markets.**
- viii) Green micro-economics, the theory of the environmentally responsible firm and consumer.**
- ix) Green macroeconomics, the theory of the environmentally responsible economy.**
- x) Trickledown effect, the expectation that traditional markets and growth will sooner or later benefit the poor.**
- xi) Green trickledown effect, the expectation that green markets and green growth will sooner or later benefit the poor.**
- xii) Deep paradigm, a fully exclusive model(e.g. the traditional market, red socialism).**

- xiii) **Partial partnership paradigm**, a partially inclusive model (e.g. the green market).
- xiv) **Full partnership paradigms**, a fully inclusive model (e.g. the sustainability market).
- xv) **Externalities**, factors assumed exogenous to a model.
- xvi) **Full externality assumption**, only one factor is the endogenous factor in the model, the others are exogenous factors.
- xvii) **Partial externality assumption**, not all factors are endogenous factors at the same time in the model.
- xviii) **No externality assumption**, all factors are endogenous factors at the same time in the model.
- xix) **Green margin**, to cover the extra cost of making the business environmentally friendly.
- xx) **Social margin**, to cover the extra cost of making the green business socially friendly or of making the traditional market socially friendly.
- xi) **Perfect market competition**, the expected behavior of firms and consumers in the short and long term under perfect market thinking.
- xxii) **Perfect green market competition**, the expected behavior of green firms and green consumers in the short and long term under perfect green market thinking.
- xxiii) **Market shift**, a move from one market paradigm to another market paradigm.
- xxiv) **Perfect market shift**, a move from one perfect market paradigm to another perfect market paradigm.
- xxv) **Red markets**, the socially friendly markets
- xxvi) **Perfect red market competition**, the expected behavior of socially friendly firms and consumers in the short and long term under perfect socially friendly market thinking.
- xxvii) **Red market price**, the price that reflects both the economic and the social cost of production or the price that covers the cost of socially friendly production.
- xxviii) **Red market knowledge gap**, the knowledge gap created by the paradigm shift from traditional markets to red markets.
- xxix) **Red micro-economics**, the theory of the socially responsible firm and consumer.
- xxx) **Red macroeconomics**, the theory of the socially responsible economy.

**xxxi) Red trickledown effect, the expectation that red markets or socially friendly markets and red growth or socially friendly growth will sooner or later benefit the environment.**

**xxxii) Red socialism market, the society only market.**

**xxxiii) Red socialism market price, the price that reflects only the social cost of production.**

**xxxiv) Economic margin, to cover the economic cost of production.**

## **B) Paradigm merging and flipping expectations**

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If we have systems with two components M and N, where M = active and m = passive; and N = active and n = passive, then the following paradigm shift and flip expectations hold when systems are interacting:

*i) Expected paradigm merger, under win-win situations, keeping their core values*

**(Mn)(mN)-----→ MN**

Both paradigms Mn and mN die and shift to MN so to keep their core values

*ii) Expected ongoing paradigm war, under no win-win situations, protecting your core values*

**(Mn)(mN)----→(Mn)(mN)**

Both paradigms Mn and mN keep their structures as they interact to protect their core values

*iii) Unexpected paradigm flips, you do not expect systems to abandon/trade their core values*

**(Mn)(mN)---→ mN so that Mn flips to mN**

**(mN)(Mn)---→ Mn so that mN flips to Mn**

Both paradigms Mn and mN abandon or trade their core values for other values and take the inverse opposite structure

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## **C) Sustainability gap expectations**

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If we have a system(S) with two components M and N and both of them are relevant components to that system so that S = MN, then the following expectations hold:

*i) Sustainability gap opening expectation*

When you assume that relevant components are irrelevant or passive, you create sustainability gaps(SG) which distort market prices in that system as some costs are not accounted for

If we assume component “n” is irrelevant, then

$$S1 = Mn = M(SG), \text{ where the SG} = n$$

If we assume that “m” is irrelevant, then

$$S2 = mN = (SG)N, \text{ where the SG} = m$$

*ii) Sustainability gap closing expectation*

When we correct systems to reflect all relevant components, we close sustainability gaps and correct market prices as all components costs are accounted for

If we close SG = n, then the following is true:

$$S1 = Mn = M(SG) \rightarrow S = MN, \text{ where the SG} = n \rightarrow N$$

If we close SG = m, then the following is true:

$$S2 = mN = (SG)N \rightarrow S2 = MN, \text{ where the SG} = m \rightarrow M$$

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**The expected shift towards an economy friendly red socialist market structure that did not take place**

As indicated in the introduction, the economy unfriendly red socialism production price(KMP) has the following structure

**1)  $KMP = KP$**

To correct red socialism to reflect economic responsibility and close its economic sustainability gap, we add the economic cost of production(ECM) and a profit margin(i) to the red socialism market price(KP) and transform it into the red market price(RP) to shift it towards economy friendly red socialism or socially friendly capitalism(RM) as follows:

**2)  $RP = KMP + ECM + i = KP + ECM + i$**

Since  $KMP = KP = SM$ , then substituting this in expression 2) above we get;

**3)  $RP = SM + ECM + i = SM + ECM + i$**

And therefore the red market price(RP) is,

$$4) RP = SM + ECM + i$$

Formula 4) above indicates that the red market price(RP) accounts for the social cost(SM) and the economic cost plus profits(ECM + i ) at the same time.

And since the traditional market price  $P = ECM + i$ , then substituting this in expression 4) we arrive at:

$$5) RP = SM + P$$

And therefore, based on expression 5) above the economy friendly red socialism or socially friendly capitalism model price RP above can be seen as coming to exists from 2 different possible angles: i) as a correction of the traditional market  $TM = P$  to reflect social concerns SM if old capitalist countries wanted to go socially friendly; or ii) as a correction of the red socialism market  $KM = SM$  to reflect economic concerns P, which is the case in this paper.

The situation underlying the shift from economy unfriendly to economy friendly red socialism described above is indicated graphically below:

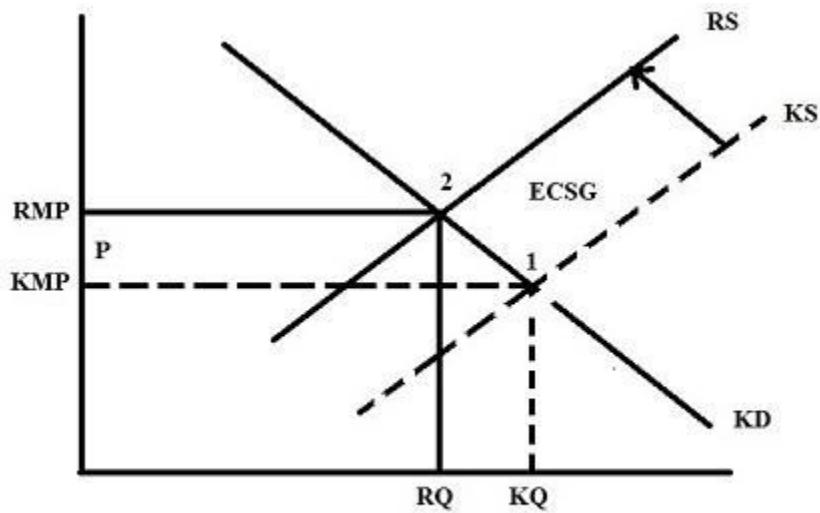


Figure 3 Internalizing the cost of being economy friendly at a profit(P) in the pricing structure of the red socialist market(KM)

Correcting the red socialism production price KP to make it economy friendly and close its economic sustainability gap(ECSG) has the following implications: a) it shifts the red socialism supply KS to the red market supply RS from point 1 to point 2 closing the economic sustainability gap(ECSG); b) the quantity produced and consumed then decreases from KQ to RQ due to higher price; c) the price goes up from KMP to RMP, where  $RMP > KMP$ ; and d) where  $RMP - KMP = ECM + i = P$ .

In the model in Figure 3 above, both social responsibility and economic responsibility are endogenous issues now as the structure of the economy friendly red socialism or socially friendly capitalism(RM) model is a win-win structure,  $RM = AB$ . Hence, Figure 3 above reflects a shift

from a win-lose model( $KM = Ab$ ) at point 1 to a win-win model( $RM = AB$ ) at point 2, a shift that did not take place.

### **The unexpected flip from economy unfriendly, but socially friendly red socialism market structure to economy friendly, but socially unfriendly traditional market structure**

As mentioned in the introduction, all former red socialism countries traded social responsibility for economic responsibility after the 1991 instead of shifting towards an economy friendly red socialism model, this means they closed their economic sustainability gap(ECSG) when they internalized economic concerns, but opened a social sustainability gap(SSG) when they externalized social concerns or left them behind, which can be stated analytically as follows:

As indicated above the price structure of red socialism( $KM$ ) is:

#### **6) $KMP = KP$**

If we internalized economic concerns in the red socialism model in expression 6) above by adding economic cost plus profits  $P$  while at the same time we externalized social concerns in the red socialism model by subtracting social costs  $SM$  we get the following:

#### **7) $TMP = KMP + P - SM = KP + P - SM$**

Since  $KMP = KP = SM$  as production is held at social cost only, then substituting these in expression 7) we get:

#### **8) $TMP = SM + P - SM = SM + P - SM = P$**

As social margins  $SM$  cancel out, we get the price structure of a traditional market or pure capitalism

#### **9) $TMP = P$**

Notice in expression 9) above that production is kept here at the traditional market price  $P$  or at economic cost plus profit only.

Hence when former red socialism countries or current new capitalism countries such as China and former members of the soviet bloc countries such as Russia traded social responsibility for economic responsibility they flipped from a socially friendly, economy unfriendly model( $KM = Ab$ ) to a socially unfriendly, economy friendly model( $TM = aB$ ); and therefore, they flipped into an inverse opposite model.

The structure of the paradigm flip from economy unfriendly red socialism( $KM$ ) to socially unfriendly capitalism( $TM$ ) that results when you trade social responsibility for economic responsibility is detailed in Figure 4 below:

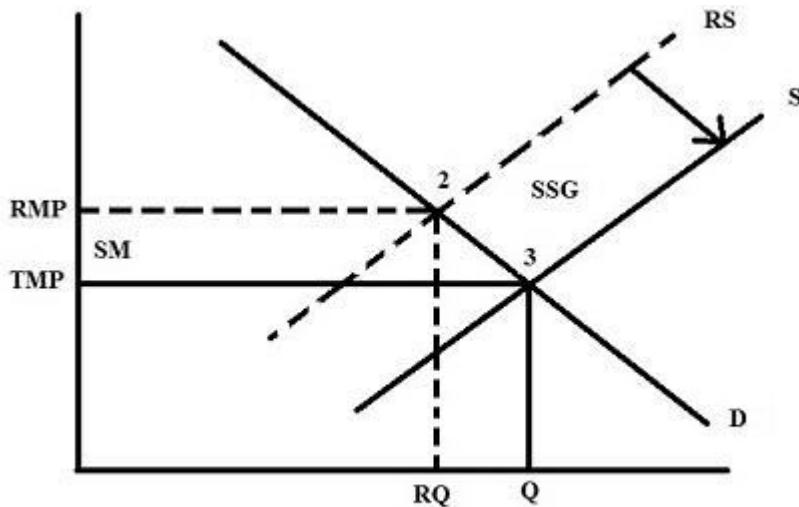


Figure 4 Trading social responsibility only(A) for economic responsibility only(B)

We can point out the following based on Figure 4 above: i) When you cancel social responsibility(SM) out of the red market model(RMP) the red market supply RS shifts down towards the traditional supply S, a movement from point 2 to point 3 as indicated by the arrow, creating in the process a social sustainability gap(SSG); and ii) the quantity produced and consumed increases from RQ to Q as social cost is now not accounting for leading to a lower market price. At point 3 the structure of the traditional market is  $TM = aB$  as now social issues(a) are exogenous issues to the economy only friendly model as now only economic responsibility matters, which is the inverse opposite market structure that red socialism had until 1991,  $KM = Ab$ .

### The market structure of new capitalism countries

Hence, after the 1991 fall of red socialism in all former red socialism countries there was a paradigm flip to economy only friendly markets or pure capitalism; and therefore the market structure of new capitalist countries can be graphically represented as follows:

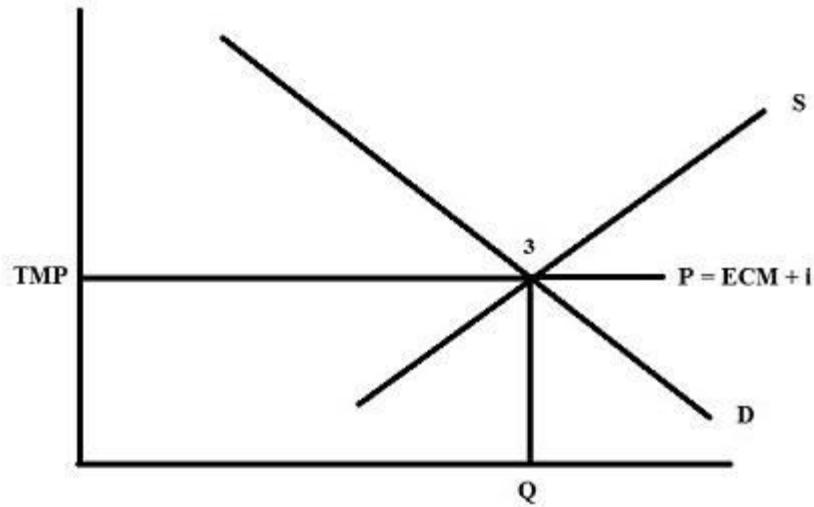


Figure 5 The new capitalist market structure in former red socialist countries

As we can see in Figure 5 above that new capitalist countries or former red socialism countries have now the same market structure of old capitalist countries, the same profit structure that Karl Marx wanted to eliminate as it is socially unfriendly. We can see in Figure 5 above that the production price(TMP) at point 3 is  $\text{TMP} = P = \text{ECM} + i$  , a traditional market production price; and therefore, the new market is expected to followed the same short-term and long-term market competition dynamics as it is the case in old capitalist countries.

### The problem with socially unfriendly capitalist markets, old and new

The problem with pure capitalism markets is that they operate under social sustainability gaps(SSG) as economies work under social externality neutrality assumptions. The working of the social sustainability gap(SSG) in pure capitalist markets, new and old, can be appreciated graphically as follows:

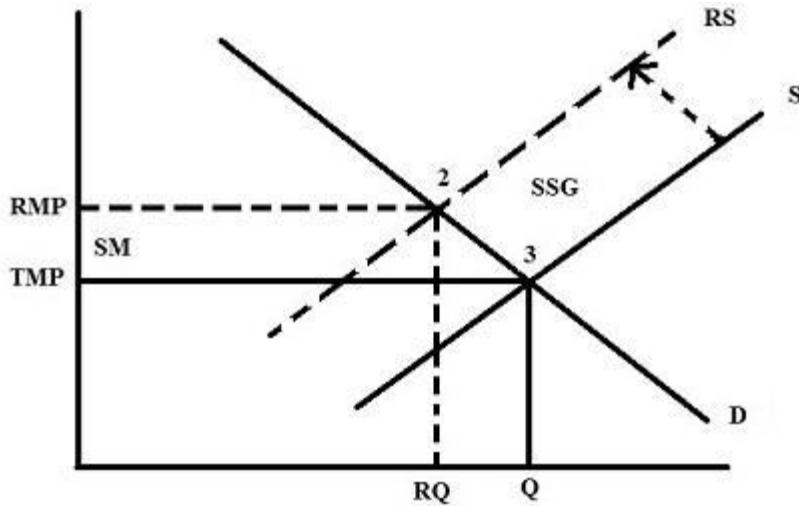


Figure 6 The social sustainability gap(SSG) affecting now the new capitalist countries or former red socialist countries, a gap that did not exist before in the red socialist model(KM)

We can see in Figure 6 above that there is a social sustainability gap(SSG) between point 3 and point 2 as indicated by the broken arrow that is constantly affecting the working or stability of pure capitalist markets. See that at point 3 the structure of the new capitalism market is  $TM = Ab$ , as here only the economy matters. And notice that the more the traditional supply S shifts to the right to increase production Q, the wider the social sustainability gap(SSG) becomes.

### Summary:

After the fall of red socialism in 1991 theory suggested that to protect or keep intact Karl Marx's dream of social responsibility at the heart of socialist development former red socialist countries would move to make red socialism economy friendly to have a win-win socio-economic outcome and market, a shift from socially friendly only development to socially friendly capitalism. Instead, they flipped from a socially responsible, but economy unfriendly market or red socialism to an economy responsible, but socially unfriendly market or pure capitalism.

### Implications:

From the time red socialism was implemented until 1991, all red socialism countries were concerned only about their economic sustainability gaps and accumulating capitalism deficits as pointed out. It was the persistent economic sustainability gap that led to the death of red socialism and the need for paradigm shift or flip. From 1991 and into the future, former red socialist countries should now be concerned about something they did not have to worry before, their current social sustainability gap and accumulating social deficits. Therefore, the implication of trading social responsibility for economic sustainability is that the driving force for paradigm shift in the future in former socialist countries should be expected to be the social sustainability gap.

### Note:

- 1) Had Karl Marx proposed socially friendly capitalism instead of red socialism, the price structure of his market would have been similar to the price structure of the red market discussed above as the price of his market would have reflected economic responsibility too.
- 2) As now new capitalist countries and old capitalist countries have the same market structure, then all of them are being affected right now by a social sustainability gap.
- 3) In the future, a shift towards socially friendly capitalism may come either from the death of capitalism in new capitalist countries or in the old capitalist countries.

### **Food for thoughts**

1) Can the market ideas of Adam Smith and Karl Marx be seen as market flips? I think yes, what do you think?; 2) Do economy friendly red socialism and socially friendly capitalism have the same market structure? I think yes, what do you think?; and 3) Are widening social sustainability gaps capable of inducing a shift towards socially friendly capitalism in the future? I think yes, what do you think?

### **Specific conclusions**

First, it was stressed that the expected paradigm shift after the 1991 fall of red socialism was a shift from economy unfriendly red socialism to socially friendly capitalism, but this did not happen. Second, it was indicated that instead of that a paradigm flip took place, a shift from red socialism to socially unfriendly capitalism. Third, it was pointed out that because of this flip now former red socialist countries such as China and Russia are affected by a social sustainability gap just as old capitalist countries are. Fourth, it was shown that now former red socialist countries have the same market structure of old capitalist countries do. And fifth, it was highlighted that the social sustainability gap now present in former red socialist countries is the direct implication of trading social responsibility for economic responsibility.

### **General conclusions**

First, it was highlighted that the theoretical expectation after the 1991 fall of red socialism was a shift from socially friendly, but economic unfriendly model as red socialism was to a socially and economic friendly model or economy friendly red socialism as you do not expect systems to abandon their core values, you expect them to protect or maintain core values, in this case social responsibility. Second, it was stressed that instead of that, a paradigm flip took place, a flip from red socialism to pure capitalism. Third, it was indicated that the flip means that red socialism countries traded social responsibility for economic responsibility. And fourth, it was pointed out that when abandoning the core value of social responsibility former red socialist countries created a social sustainability gap, which will now drive paradigm shift dynamics in the future in those countries.

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