

### **WHY STUDY IT?**

Understanding socio-economic systems is helpful to people who want their households/businesses/societies to be productive and successful. Leaders face an important question: How much control or direction does leadership need to provide in order for the group to be highly engaged, productive, creative, and successful? The three main socio-economic systems – capitalism, socialism, and communism – offer different answers.

### **GOALS**

1. I will **describe** a SOCIALIST economy. My description will include details about buyers and sellers, business ownership, and the role of the government in the economy.
2. I will **make inferences** (conclusions, predictions, or ideas based on evidence in a source) about the advantages and drawbacks of a SOCIALIST system.
3. I will **synthesize** (pull together) a full understanding of SOCIALISM from a group of sources. That understanding will include statements about the a) the values and vision of socialism, b) the role of supply and demand in a socialist marketplace, and c) the impact of socialism on social hierarchy and relationships.

### **PROCESS**

1. Before examining socialism, it would be helpful to review the potential problems associated with capitalism, namely the creation of a significant income gap between rich and poor. Consider how a growing income gap between the social classes might affect life and relationships within a society.
2. Read and annotate the documents in this packet. As you examine the sources, think about these questions:
  - a) What is it like in a socialist economy?
  - b) Who would like socialism, and why?
  - c) What problems might arise in or from a socialist system?
  - d) Who/what has the power in a socialist system?

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DOCUMENT #1: *Expository/Informational text describing the role of the government and citizens in a socialist economy*

In a socialist system, the privatization (individual ownership) of business – the beating heart of capitalism – is abolished. The State (government) owns and controls economic production. It controls *what* is produced, *how much* is produced, and how the goods/services are distributed to citizens. The State reduces capitalist owners to socialist workers with worker pay. By paying all equally as workers of the State, the government shrinks the income gap between rich and poor, thereby producing a single social class (the workers).

# MARCH 27, 2019

## ECONOMIC SYSTEMS: SOCIALISM

DOCUMENT #2: *Persuasive ACES text asserting that socialism is a deeply flawed economic system*

**A:** Socialism is a harmful economic system that assassinates independence, competition, and efficiency.

**C1:** One, personal freedom is severely limited.

**E1:** People are not free to own their own businesses, negotiate prices, or consume as much as they would like. They are not free to serve their own self-interests. People become pawns of the government. Indeed, the political reality of socialism is that its command market system brings about the rise of a harsh dictatorship.

**C2:** Two, socialism creates laziness.

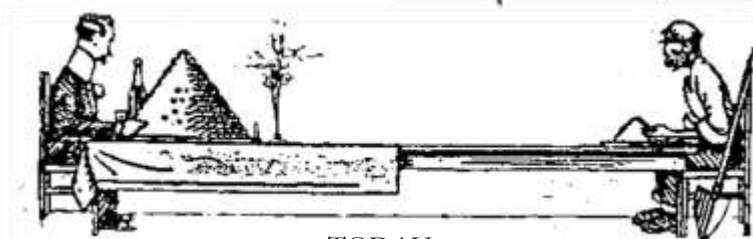
**E2:** If everyone is getting paid equally regardless of their work or talents, then there is no incentive or motivation to invent the next great product. There is no incentive to come up with the next great idea. There is no incentive to work harder than one's fellow worker. People become lazy and stop competing to produce better goods and services.

**C3:** Third, socialism is inefficient; it is wastefully ineffective in its attempt to serve the people.

**E3:** The government's economic planners may misjudge the needs of the society. In planning for economic needs, the government may order the production of *way too much* or *way too little* of a particular good.

**S:** Leading to dictatorship, laziness, and waste, socialism is harmful to the State.

DOCUMENT #3: *Visuals arguments about socialism*



TODAY



TOMORROW

