

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 COMMUNIST 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 COMMUNIST system.
3. I will **synthesize** (pull together) a full understanding of COMMUNISM from a group of sources. That understanding will include statements about the a) the values and vision of communism, b) the role of supply and demand in a communist marketplace, and c) the impact of communism on social hierarchy and relationships.

REVIEW

1. Before examining communism, look back at these ideas associated with capitalism:
 - a. Capitalism gives workers and owners the opportunity to earn (or lose) lots of money. This is because the government does not do much to regulate (control) how wealth is distributed.
 - b. Because the government generally stays out of the economy, consumers in the free markets of capitalism have a lot of buying power (the ability to spend or invest money in ways that help or harm particular groups).
 - c. A big problem with capitalism is the creation of an income gap between rich owners and poorer workers. Because of the hands-off approach by the government, wealthy owners in the upper class at the top of society can exploit, or take advantage of, the workers of the lower classes.
2. Look also at these ideas associated with socialism:
 - a. Where capitalism values *individual* success, socialism cares most about the success of the *State*. Socialism does not believe the State can be successful when rich owners exploit and destroy the lives of miserable workers. Socialism, therefore, tries to eliminate the income gap by ending the privatization of business. The State takes over all businesses and controls the production of goods and services. Those who once were owners become workers like everyone else.
 - b. By operating a command-market that makes *everyone* a worker of the State, socialism can lead to the rise of harsh dictators. These dictators can exploit, or take advantage of, all of the workers of the State.
 - c. Because the government has a heavy hand in the economy – because it controls how wealth is distributed and spent – consumers in the markets of socialism have less buying power than they once had in the free markets of capitalism.

PROCESS

Read and annotate the documents in this packet. As you examine the sources think about these questions:

- a) What is it like in a communist economy?
- b) What does communism do to buying power?
- c) Who/what has the power in a socialist system?
- d) What problems might arise in or from a communist system?

DOCUMENT #1: *Expository/Informational text describing the vision of a communist economic and social system*

In 1848, as capitalism was growing, two men named Karl Marx and Friedrich Engels wrote a publication called The Communist Manifesto. Marx and Engels hated capitalism because of the tension it created between rich and poor. They argued that all conflicts in human history were conflicts between the *haves* (the rich upper class) and *have-nots* (the poor lower classes).

Marx and Engels wanted a self-run society based on the *complete equality* of all citizens. They said that socialism was a good first step because it reduced the income gap between the classes, but it did not go far enough to create perfect equality – and without perfect equality, Marx and Engels said, there would always be tension. They argued that socialism was not the final solution to the problems of society. Communism was.

Where socialism tried to eliminate the private ownership of business, Marx and Engels' communism sought to eliminate the private ownership of *everything*: No private businesses, no private property, no private income.

Communism proposes an economy in which all wealth is shared and all responsibilities, talents, and skills are equally important. For instance, a skilled painter provides painting services to those in need of painting. A skilled doctor provides medical services to those in need of medical care. Society runs on the exchange of human services, all of which are equally valued (i.e. painting is as important as providing medical care).

As communism is based on *common* ownership and the exchange of services, there is no need for money. Without money and without the private ownership of goods or property, there is no greed-based competition. Without differences in wealth, there are no social classes. Without social classes, there is no class conflict. And finally, communism says, when there is no class conflict then there is no need for government. (Marx and Engels believed that government was only necessary to help settle conflict. No conflicts? No need for government.) True communism, therefore, demands that the State/government voluntarily dissolve itself (fade away) after equality has been achieved.

A fully communist system has never existed on a large scale. No country has ever become 100% communist. Different governments at different times have tried to push toward communism, but no society has ever achieved complete equality. Maybe it never will. It is also unlikely that a powerful government would ever voluntarily give up its power and fade away. And even if perfect communism were achieved, it would be hard for a moneyless society to succeed in a global market where all other countries rely on and use money.

DOCUMENT #2: *Images of capitalism, socialism, and communism*

