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**Aim:** How did problems with Communism in the 1980s affect people in the Soviet Union and China?

**Do Now:** Read the definitions of Communism and Capitalism, and while you’re reading, make a list of the benefits and harms of each system underneath the chart.

* **Communism** = “**state planning**” or a “**command economy**” because the government (the state) decides which goods people produce and commands people to act a certain way.
* **Capitalism** = a “**market economy**” where consumers and producers decide what goods or services they want to buy and sell in each market (area for trade).

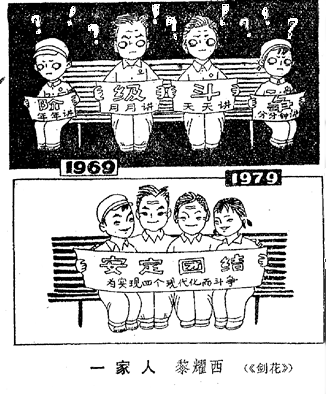
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| --- | --- | --- | --- |
| **Capitalist Strategies - incentives** (motivation) | | **Communist Strategies - commands** (orders) | |
| * Businesses create a **supply** of goods and services that consumers **demand** to buy because of the incentive to make profits * Prices change if the businesses produce too much or not enough of a product * Sometimes consumers demand goods and that are harmful (drugs, slaves, loans they can’t afford to pay back, poor quality products that break) * Workers have an incentive to work harder and make more money, but businesses have an incentive to pay low wages to save money * Businesses have an incentive to replace workers with machines to save money * Governments often need to spend the country’s money to fix problems that businesses cause | | * The government commands factories and stores which products to produce and sell * The government can decide prices for products and wages for workers * The government can command people to live and work in certain places * Sometimes the government can’t accurately estimate how much supply consumers need, which can lead to a shortage of goods * Workers only work as hard as the government commands them to - they don’t earn more money for working harder * There are shortages of workers in specific jobs because the government doesn’t realize that society needs more of those workers | |
| **Benefits** | **Harms** | **Benefits** | **Harms** |
|  |  |  |  |

**Directions:** WHile reading about the problems with Communism in the Soviet Union and China, annotate how each of these problems would impact the people in these countries.

**Problems in the People’s Republic of China in the 1980s**



***1. Agricultural Production:***Mao Zedong’s Great Leap Forward was a disaster – millions of peasants were moved to collective farms and it lead to less crop productivity. It caused a famine that led to 20 million deaths. Food production is not increasing fast enough for two reasons: a) peasants don’t grow more than the quota (amount) the government requires, so if people suddenly need more of a crop, there is no extra; b) peasants don’t have modern equipment, chemicals, or fertilizers to help grow crops better.

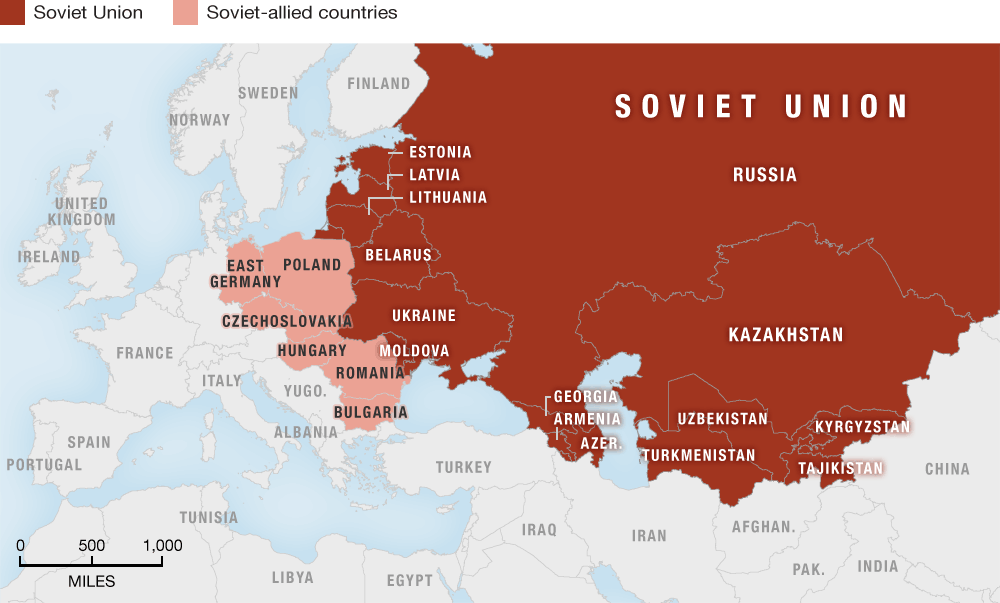
***2. Foreign investment:*** foreign companies don’t invest in China because a) until 1973, Mao Zedong did not let them invest in China and b) the Cultural Revolution scared away foreign businesses because the Red Guard could vandalize or burn down their buildings. This is called “uncertainty” - when businesses don’t invest because they aren’t sure if they will make money.

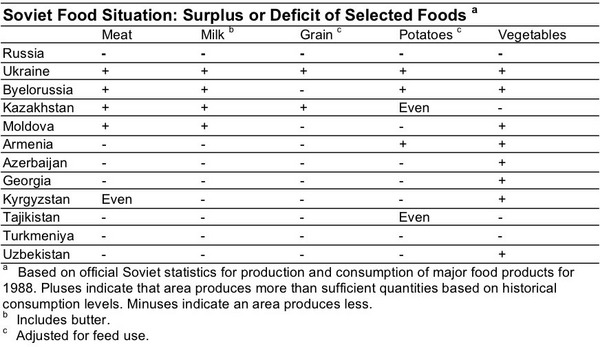
***3. Freedom of ideas:***Many managers, scientists, professors, lawyers, doctors, writers, and artists are scared to suggest new ideas out of fear they would become enemies of the government, like in the Cultural Revolution of 1966-76. In other industrialized nations like the U.S.A., U.K., Canada, France, Italy, Germany, and Japan, universities and businesses research and invent new technologies. But in China, people only end up hearing what the government wants them to hear.

**4. *Overpopulation:*** There are too many Chinese people in the cities and the government can’t create enough jobs, housing, and food.

**5. *The Beijing Spring:*** a movement in 1977-78 where Chinese students protested and criticized the government. They wanted a democratic form of government. In Beijing, they put protest posters and essays along a long wall that became known as the Democracy Wall. 

**Soviet Union’s Problems in the 1980s**

1) The Soviet Union was made up of areas called “republics” (like the states in the USA). But many Soviet Republics did not speak Russian - some had their own languages, religions, and cultures. From the 1960s to the 1980s, many ethnic and religious groups protested because they wanted more cultural freedom and even independence from the Soviet Union. 



2) The Soviet Union had problems producing the right amount of food. This chart shows whether there was a **surplus** (extra) or a **deficit** (shortage) of necessary foods in different Soviet republics. Shortages caused problems like huge lines at stores and people who would buy an entire store’s product and then try to resell it to other people for higher prices.



3) The Soviet Union spent too much money on the military, and military officers were corrupt and stole money and goods from the army. They would illegally sell these goods in the black market. Because the USSR spent so much money on the army, they needed to borrow money from Western banks. But this was a problem, because if Western nations did not approve of what the Soviets were doing (like sending their army into a country) then the western countries could tell their banks to stop lending to the Soviet Union.