SECTION 3  COMMUNISM

TEXT SUMMARY

In the mid-1800s, Karl Marx developed the political, social, and economic theory of communism, which calls for the collective, or state, ownership of productive property. In any communist-run nation, the Communist Party holds all decision-making power in government and in the economy. Central planning results in bureaucrats planning the economy, usually with five-year plans that show how leaders want the economy to develop over that time. Also essential to communism are collectivization—the process of merging small, private farms into large, government-owned agricultural enterprises—and state ownership of parts of the economy.

The Soviet Union became communist when Vladimir Lenin took control in 1917. Lenin’s successor, Josef Stalin, introduced centralized planning run by a large agency called the Gosplan. Soviet communism lasted until 1991, when the Soviet Union fell apart. At that point Boris Yeltsin made radical changes in Russia, including the privatization of farms and factories. Privatization is the return of nationalized enterprises to private ownership.

In 1949 Mao Zedong founded the People’s Republic of China as a communist nation. Mao’s 1958 five-year plan was called the Great Leap Forward. It eliminated all elements of free enterprise and brought collective farms together into a larger unit called the commune. In 1978 Deng Xiaoping steered the country toward a market economy while maintaining a communist government.

In addition to China, communist governments continue to exist in Cuba, Vietnam, Laos, and North Korea.

GRAPHIC SUMMARY: Characteristics of Communism

Communism is a political, social, and economic theory that exists today in countries such as China.

REVIEW QUESTIONS

1. In what ways do collectivization and privatization differ?

2. Diagram Skills What is the basis of central planning in communist economies?