

# A COMMAND ECONOMY

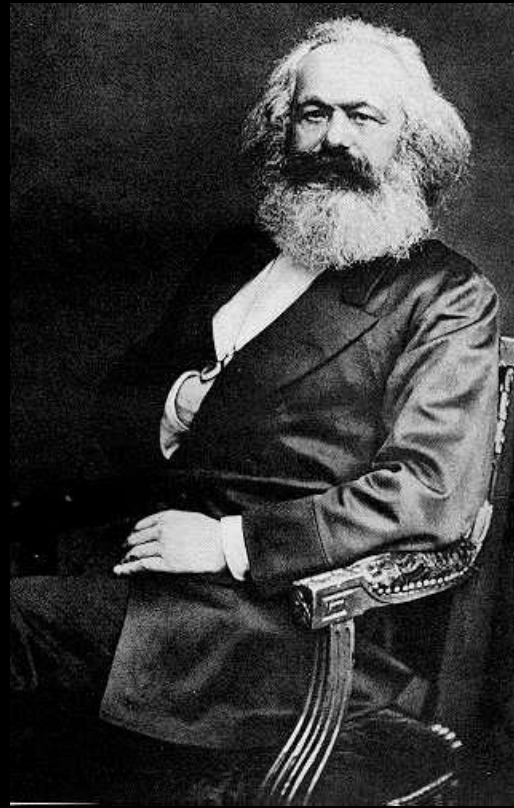
In this lesson, students will identify characteristics of a command economy.

Students will be able to identify and/of define the following terms:

Command Economy

Communism

Problems of a Command Economy



Karl Marx advocated a command economy in his book, The Communist Manifesto (1848).



In the early days of the Industrial Revolution, workers were exploited or mistreated. Children even worked in factories.



Sure, a few industrialists and capitalists became very wealthy but...

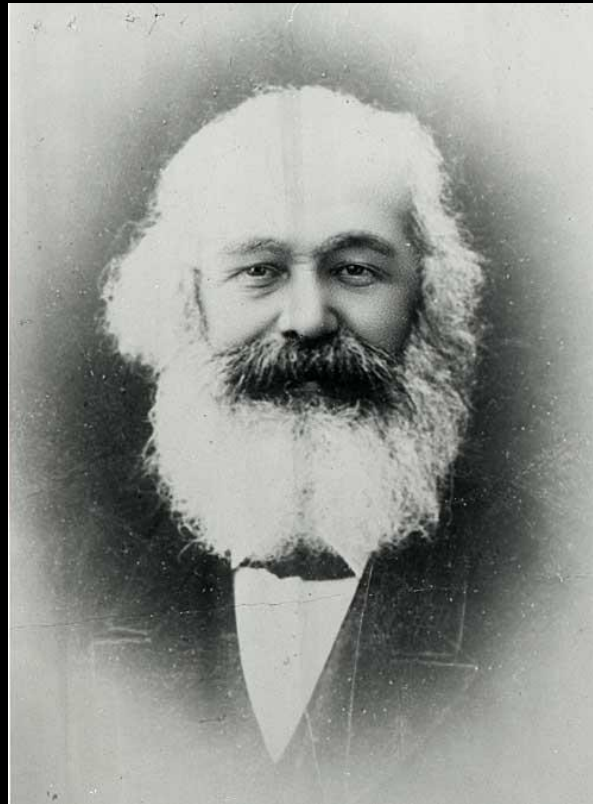


Most people worked long hours for low wages in unsafe working conditions.



Karl Marx encouraged workers to unite and violently overthrow the Capitalist class in order to create a more just society.

“Workers of the world unite;  
you have nothing to lose but  
your chains.”



# COMMUNISM

Communism is frequently referred to as Marxism.

Characteristics of a Communist Society:

- Dictatorship
- Government ownership of the Factors of Production (Land, Labor, and Capital)
  - Economic Equality





It sounds like paradise: A society where there is no poverty, no want but...

# PROBLEMS OF A COMMAND ECONOMY

Many problems exist in command economies.

The Problems of a Command Economy:

- Workers lack incentive because all workers are rewarded equally.
  - Productivity and efficiency decline.
    - Innovation is not rewarded.
  - Individual freedoms are sacrificed.

Think about it!

Would you work hard if you were rewarded  
The same as the lazy worker beside you?





Eventually, the Soviet Union collapsed and the formerly Communist republics began to transition to largely free market economies.



Transition has been difficult for Russia.  
A new economic perspective must be  
created and previously Government-  
owned factories must be privatized.

# QUESTIONS FOR REFLECTION:

- How does a centrally planned economy differ from a free market economy?
- Who was Karl Marx and what did he advocate?
- Describe a Communist society.
- What problems are created by centrally planned economies?
- Define transition.