

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, intro-

duced 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.

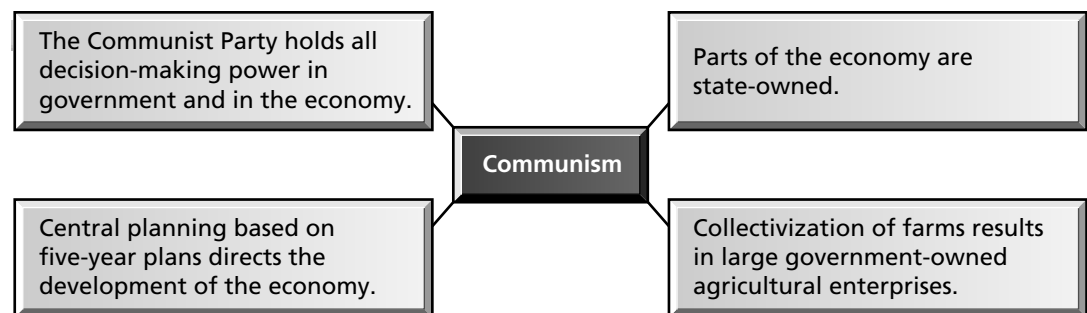
In 1949 Mao Zedong founded the People's Republic of China as a communist nation. Mao's 1958 five-year plan was called the **Great Leap Forward**. It eliminated all elements of free enterprise and brought collective farms together into a larger unit called the **commune**. In 1978 Deng Xiaoping steered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

THE BIG IDEA

Communism is a political, social, and economic theory that calls for the collective, or state, ownership of productive property.

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?