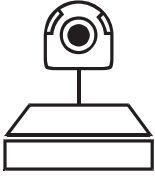


Unit 2, Lesson 6

Visual 1

WHY DID COMMUNISM COLLAPSE?

- The Soviet Union from 1945 until 1991 was regarded as a superpower.
- The Soviet Union was a potent force. The largest nation on the planet, the Soviet Union possessed a strong military force, major deposits of oil, natural gas, coal, and many strategic minerals.
- Many Western leaders feared the Soviet Union would become the dominant world power. The “Cold War” and the Vietnam War were fought to stop the spread of communist ideas.
- Yet, in 1991, the Soviet Union abruptly disappeared. In that year, Russian President Boris Yeltsin declared that the Soviet Union ceased to exist.
- *Why did the Soviet Union collapse?*



Unit 2, Lesson 6

Visual 2

TRUE/FALSE CLUES

1. For much of the twentieth century, nearly one-third of the world's population lived under communism or socialism.

True or False?

2. The Soviet Union worked from the premise that only government planners could provide for the overall economic well-being of Soviet society.

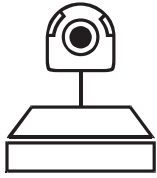
True or False?

3. In a market economy, prices send important information to producers and consumers regarding the relative value of goods and services.

True or False?

4. In command economies, prices are controlled by the government.

True or False?



Unit 2, Lesson 6

Visual 3

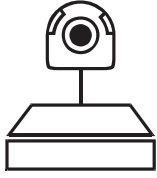
SOLUTION TO THE COLLAPSE OF COMMUNISM MYSTERY

THE MYSTERY

Why did the Soviet Union collapse?

THE SOLUTION

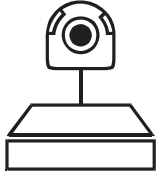
- Under communism, government was thought to have superior information, enabling it to make better economic decisions than individuals might make acting on their own behalf.
- The rules of the economic system abolished the incentives that ordinarily encourage producers to respond to consumers:
 - ✓ Private ownership
 - ✓ Profit motive
- Prices and quantities set by the government distorted the information sent to individuals and businesses.



Unit 2, Lesson 6
Visual 4

CHARACTERISTICS OF A MARKET ECONOMY

- Private Property
- Freedom of Choice
- Self-Interest
- Profit Motive
- Markets and Prices
- Competition
- Limited Government



Unit 2, Lesson 6

Visual 5

CHARACTERISTICS OF A COMMAND ECONOMY

- Public Ownership
- Centralized Decision Making
- Economic Planning
- Allocation by Command

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